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Greg Donaghy

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INTRODUCTION

INTRODUCTION

Avec l'arrivée de 1950, «une attitude d'optimisme circonspect n'était pas exclue»[1]. Après avoir essuyé une série de revers en Europe orientale et en Asie à la fin des années 1940, les démocraties occidentales semblaient progresser de façon soutenue dans leurs efforts en vue de contenir le communisme, même s'il n'y avait pas de percées spectaculaires. Au début de 1950, le Canada et ses alliés de l'Atlantique Nord ont fait un premier pas à cet égard en contrôlant les exportations destinées au bloc soviétique, en fournissant une aide militaire à l'Europe occidentale et en déterminant les besoins de défense des pays de l'Atlantique Nord. Ils entreprirent en outre de redéfinir les liens économiques entre l'Europe et l'Amérique du Nord. Au début du printemps de 1950, le discours tenu par le Canada reflétait le regain de confiance du pays. «Les mesures prises en vue de l'application du Traité de l'Atlantique Nord, affirma en mars le ministre de la Défense nationale, Brooke Claxton, [...] ont rendu plus improbable une agression militaire et ont raffermi la confiance de l'Europe occidentale quant à la possibilité de prévenir l'agression par une action collective.»[2]

L'apparente diminution de la menace soviétique en Europe occidentale permit aux décideurs canadiens de tourner leur attention vers l'Asie, où la décolonisation, le sous-développement économique et le communisme étaient en train de créer une situation à la fois instable et dangereuse. Au début de la nouvelle année, le secrétaire d'État aux Affaires extérieures, Lester B. Pearson, accompagné d'une poignée de conseillers, grimpa à bord d'un North Star de la RCAF pour le long voyage qui le mènerait à Ceylan, où se tenait une réunion des ministres des Affaires étrangères du Commonwealth. Cette conférence et ses suites, que le présent ouvrage documente avec force détails (Chapitre 7), eurent d'importantes répercussions sur la politique étrangère du Canada. Elles vinrent renforcer la perspective de plus en plus multilatérale du gouvernement fédéral quant aux affaires du Commonwealth et lui confirmèrent que la Grande-Bretagne présentait de moins en moins d'attrait comme point d'ancrage de cette association historique. En proposant pour la première fois de transférer du capital au monde en développement par l'entremise de ce qui allait devenir le Plan de Colombo pour le développement économique coopératif de l'Asie du Sud et du Sud-Est, ces discussions du Commonwealth amenèrent un Cabinet canadien jusque-là hésitant et réticent à reconnaître que le problème de la pauvreté dans le monde était aussi le problème du Canada.

Fait plus important encore, le voyage du ministre à Ceylan et sa tournée subséquente en Asie ajoutèrent une dimension extrême-orientale à la politique étrangère canadienne. Que les relations indo-canadiennes aient été particulièrement étroites ou non durant cette période[3], il ne fait guère de doute que l'exposition de Pearson au premier ministre de l'Inde, Jawaharlal Nehru, a eu un impact profond sur les opinions de ce Canadien. Pearson, qui décrira plus tard Nehru comme «une combinaison extraordinaire du mystique hindou ... et de l'Anglais du type Eton-

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[1] *Rapport annuel du ministère des Affaires extérieures, Canada, 1950* (Ottawa, Imprimeur du Roi, 1951) p. v.

[2] Canada, Chambre des communes, *Débats*, 17 mars, 1950, p. 878.

[3] Voir Escott Reid, *Envoy to Nehru* (Toronto, Oxford University Press, 1981).

INTRODUCTION

As 1950 opened, there were "grounds for cautious optimism."[1] After the series of reverses suffered in eastern Europe and Asia during the late 1940s, the Western democracies seemed at last to be making steady, if unspectacular progress, towards containing Communism. Canada and its North Atlantic allies made a moderate start in early 1950 on controlling exports to the Soviet bloc, on providing military aid to Western Europe and on determining North Atlantic defence requirements. Moreover, they began to re-define the economic relationship that united Europe and North America. By the early spring of 1950, Canadian rhetoric reflected the country's renewed confidence. "The steps taken to implement the North Atlantic treaty," the Minister of National Defence, Brooke Claxton, asserted in March, "... have increased the improbability of military aggression and strengthened the faith of the western European nations in the possibility of preventing aggression by collective action."[2]

The apparent diminution of the Soviet threat in Western Europe allowed Canadian policy-makers to turn their attention to Asia, where decolonization, economic under-development and Communism were beginning to prove an unstable and dangerous mixture. Early in the new year, the Secretary of State for External Affairs, Lester B. Pearson, with a handful of advisors, climbed the wobbly steps of an RCAF North Star for the lengthy voyage to Ceylon for a meeting of Commonwealth foreign ministers. This conference and its aftermath, which this volume documents in considerable detail (Chapter 7), had important implications for Canadian foreign policy. It reinforced Ottawa's increasingly multilateral perspective on Commonwealth affairs and underlined Great Britain's waning attraction for the Canadian government as the centre of this historic association. In pioneering the transfer of Western capital to the developing world through what eventually became the Colombo Plan for Co-operative Economic Development in South and South-East Asia, these Commonwealth discussions drew from a hesitant and reluctant Canadian Cabinet the acknowledgement that the problem of world poverty was Canada's problem too.

More important, the Minister's trip to Ceylon and his subsequent tour through Asia added a Far Eastern orientation to Canadian foreign policy. Whether or not Indo-Canadian relations were especially close during this period,[3] there is little doubt that Pearson's exposure to the Indian Prime Minister, Jawaharlal Nehru, had a profound impact on the Canadian's thinking. Pearson, who later described Nehru as "an extraordinary combination of a Hindu mystic ... and an Eton-Oxbridge type of Englishman,"[4] was never entirely comfortable with the Indian premier, but he listened carefully to his views on Asian issues. As a result, Canadian policy towards Indochina (Chapter 11), Kashmir (Chapter 3) and China (Chapter 11) bore the unmistakable imprint of Nehru's influence. Canada's attempt to understand and respond to Asia as it became a new arena for Cold War conflict forms one of the major themes of this volume.

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[1] *Report of the Department of External Affairs, Canada, 1950* (Ottawa: King's Printer, 1951) p. v.
[2] Canada, House of Commons, *Debates*, March 17, 1950, p. 852.
[3] See Escott Reid, *Envoy to Nehru* (Toronto: Oxford University Press, 1981).
[4] L.B. Pearson, *Mike: The Memoirs of the Right Honourable Lester B. Pearson, Volume 2, 1948-1957* (Toronto: University of Toronto Press, 1973), p. 118.

Oxbridge»[4], ne se sentit jamais vraiment à l'aise avec le premier ministre de l'Inde, mais il ne prêta pas moins une oreille attentive à ses opinions sur les questions asiatiques. C'est ainsi que la politique canadienne à l'égard de l'Indochine (Chapitre 11), du Cachemire (Chapitre 3) et de la Chine (Chapitre 11) porta incontestablement l'empreinte de l'influence de Nehru. Les efforts faits par le Canada pour comprendre l'Asie et répondre aux attentes d'une région qui devenait un nouveau théâtre du conflit de la guerre froide, sont l'un des grands thèmes du présent volume.

Durant les premiers mois de 1950 également, l'onde de choc des révolutions en Asie fit sentir son effet. La décision de l'Union soviétique de boycotter les travaux de l'Organisation des Nations Unies (ONU) tant et aussi longtemps que le Conseil de sécurité refuserait d'assigner au nouveau gouvernement communiste le «siège de la Chine» créa une impasse dangereuse. Aux États-Unis, l'effondrement de la Chine nationaliste produisit une vague d'hystérie nationale qui devint de plus en plus virulente avec le lancement, par le sénateur Eugene McCarthy, de sa chasse aux communistes au sein du gouvernement. Les contacts, même routiniers, entre l'Est et l'Ouest n'étant plus possibles à l'hiver et au printemps de 1950, Pearson chercha à freiner la glissade vers l'affrontement. Ses efforts de médiation et ses vues sur l'aggravation de la crise internationale sont documentés dans un fascinant échange de lettres et de notes avec son proche ami, Hume Wrong, l'ambassadeur du Canada aux États-Unis. (Documents 224-231).

Du point de vue occidental, au moins l'une des conséquences du boycott soviétique fut fortuite : lorsque la Corée du Nord envahit son voisin au sud le matin du 25 juin, l'absence de l'Union soviétique au Conseil de sécurité permit aux États-Unis d'amener l'ONU à agir. Convaincu que l'attaque était un défi lancé, à l'instigation de l'Union soviétique, à l'ONU dont le prestige et l'autorité étaient déjà sapés par l'incapacité de l'Organisation de riposter à l'agression communiste à la fin des années 1940, le gouvernement canadien se rallia à la coalition internationale après une série de longues et âpres discussions au Cabinet. À une époque où la puissance économique et militaire du Canada était comparativement significative, la réaction du gouvernement à la crise était d'une grande importance à la fois pour les Canadiens et pour leurs alliés. Cette réaction fut particulièrement révélatrice de l'attitude des décideurs canadiens à propos du rôle de leur pays dans la guerre froide, et des relations du Canada avec ses principaux alliés et avec l'ONU. À chaque stade du conflit, la volonté du Canada d'être une influence modératrice au sein de l'alliance occidentale se précisait[5]. C'est donc ce qui explique qu'un bon quart du présent volume documente l'engagement du Canada dans les stades préliminaires de la guerre et les efforts déployés subséquemment par Ottawa pour trouver une base sur laquelle asseoir la paix.

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[4] L.B. Pearson, *Mike: The Memoirs of the Right Honourable Lester B. Pearson, Volume 2, 1948-1957* (Toronto, University of Toronto Press, 1973), p. 118.

[5] Greg Donaghy, «The Road to Constraint: Canada and the Korean War, June-December 1950», John Hilliker et Mary Halloran (éditeurs), *Les documents diplomatiques et leurs utilisateurs* (Ottawa, ministère des Affaires étrangères et du Commerce international, 1995).

The early months of 1950 also carried the turmoil of revolutionary Asia uncomfortably close to home. The Soviet Union's decision to boycott the United Nations as long as the Security Council refused to assign the "China seat" to the new Communist government led to dangerous deadlock. In the United States, the collapse of Nationalist China produced an unsettling wave of national hysteria that grew increasingly virulent as Senator Eugene McCarthy launched his campaign against "Communists in government." As even routine contacts between East and West ground to a halt in the winter and spring of 1950, Pearson tried to curb the drift towards confrontation. His efforts at mediation and his views on the deepening international crisis are documented in a compelling exchange of letters and memoranda with his close friend, Hume Wrong, Canada's ambassador to the United States. (Documents 224-231).

From the Western perspective, at least one result of the Soviet boycott was fortuitous: when North Korea invaded its southern neighbour on the morning of June 25, the Soviet Union's absence from the Security Council allowed the United States to lead the United Nations into action. Convinced that the attack was a Soviet-inspired challenge to the United Nations, whose prestige and authority were already ravaged by its inability to respond to Communist aggression in the late 1940s, Ottawa joined the international coalition after a series of lengthy and heated Cabinet discussions. At a time when Canada's economic and military strength was comparatively substantial, its reaction to this crisis mattered a great deal to both Canadians and their allies. This response revealed much about the attitudes of Canadian policy-makers to the country's role in the Cold War, and its relations with its principal allies and with the United Nations. As each successive stage of the conflict unfolded, Canada's attempt to be a moderating influence in the Western alliance became more sharply defined.[5] With good reason, then, fully one-quarter of this volume documents Canada's involvement in the opening stages of the war and Ottawa's subsequent efforts to find a basis for peace.

While Korea is at the heart of only one chapter (Chapter 2), documentation on the crisis and its influence on Canadian policy is necessarily scattered throughout the entire volume. The war swept away the careful optimism that characterized Ottawa's international outlook during the first few months of the year. In a single stroke, the conflict transformed the Cold War from a tense but fairly stable diplomatic stand-off into a much more precarious and dangerous confrontation. It altered completely the context in which Canadian foreign policy was developed and implemented. The effects of the conflict in Asia, for example, dominated Canadian preparations for the UN's 5th General Assembly and forced the international organization to debate the status of Formosa and the nature of collective security (Chapter 3). The conflict also provided new impetus for proceeding with the long-delayed Japanese Peace Treaty (Chapter 11), determined Canada's attitude towards the International Red Cross (Chapter 4), and influenced the Commonwealth discussions on capital assistance (Document 7).

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[5] Greg Donaghy, "The Road to Constraint: Canada and the Korean War, June-December 1950", in John Hilliker and Mary Halloran, (eds.), *Diplomatic Documents and Their Users* (Ottawa: Department of Foreign Affairs and International Trade, 1995).

Si la Corée n'est le sujet central que de l'un des chapitres (Chapitre 2), la documentation sur la crise et son influence sur la politique canadienne est forcément disséminée dans l'ensemble du volume. Le conflit balaya l'optimisme prudent qui avait caractérisé la perspective internationale du gouvernement canadien durant les premiers mois de l'année. Abruptement, il transforma la guerre froide — jusque-là une impasse diplomatique tendue mais plutôt stable — en un affrontement beaucoup plus précaire et dangereux. Il redéfinit complètement le contexte qui présidait à l'élaboration et à l'application de la politique étrangère du Canada. Les effets du conflit en Asie, par exemple, dominèrent les préparatifs du Canada à la 5e Assemblée générale de l'ONU et ils contraignirent l'Organisation à débattre le statut de Formose et la nature de la sécurité collective (Chapitre 3). Le conflit incita aussi à aller de l'avant avec la conclusion, longtemps reportée, du Traité de paix avec le Japon (Chapitre 11), il façonna l'attitude du Canada à l'égard de la Croix-Rouge internationale (Chapitre 4) et il influa sur les discussions du Commonwealth relatives à l'aide financière (Chapitre 7).

Mais ce fut peut-être au niveau de l'attitude du Canada vis-à-vis de ses obligations dans le cadre du Traité de l'Atlantique Nord (Chapitre 5) et de ses relations avec les États-Unis (Chapitre 8) que le conflit en Corée eut son impact le plus grand. Il fit naître la crainte d'une offensive soviétique imminente en Europe occidentale et il mit un terme à la répugnance traditionnelle d'Ottawa à investir ses maigres ressources dans la préparation militaire en temps de paix. En juillet et en août, les pressions américaines réussirent à convaincre le Cabinet d'accroître substantiellement les dépenses de défense. Tandis que l'Amérique du Nord et l'Europe s'empressaient de se réarmer, les efforts du Canada pour fournir une aide mutuelle à ses alliés de l'Atlantique Nord, de timides qu'ils étaient au début de 1950, se transformèrent en un énorme programme de 300 millions de dollars. Alors que la nouvelle alliance était déjà divisée sur la question de réarmer l'Allemagne de l'Ouest, le gouvernement canadien acceptait en septembre 1950 de renvoyer des troupes en Europe dans le cadre de la nouvelle force intégrée de l'Atlantique Nord. Comme John Holmes le rappellera plus tard, «pour ceux qui pensaient que la participation aux institutions internationales allait se faire à peu de frais, 1950 fut une mauvaise année.»[6]

On devrait aussi lire la plupart des documents sur les relations du Canada avec les États-Unis en gardant à l'esprit le conflit coréen et ses ramifications. Si le chapitre 8 s'attarde quelque peu à des questions traditionnelles de «voisinage» comme le Traité concernant la dérivation des eaux du Niagara et la gestion des pêches, il accorde une place importante à l'examen de questions de défense bilatérales qui, après juin 1950, occupèrent l'avant-scène. Les négociations difficiles et embarrassantes sur les achats de matériel de défense au début de 1950 contrastent nettement avec le rythme rapide de l'intégration militaire et économique qui s'enclencha quand les États-Unis — et le Canada qui fut forcé d'emboîter le pas — amorcèrent une mobilisation partielle à l'automne de la même année.

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[6] John Holmes, *The Shaping of Peace: Canada and the Search for World Order, 1943-1957, Volume 2* (Toronto, University of Toronto Press, 1982), p. 176.

The Korean conflict had perhaps its greatest impact on Canada's attitude towards its North Atlantic Treaty obligations (Chapter 5) and its relations with the United States (Chapter 8). It gave rise to the fear that a Soviet offensive in Western Europe was imminent and ended Ottawa's traditional reluctance to invest its scarce resources in peace-time military preparedness. In July and August, American pressure helped convince the Cabinet to increase Canadian defence expenditures substantially. As North America and Western Europe hurried to rearm, Canada's efforts to supply its North Atlantic allies with mutual aid — diffident in early 1950 — became an enormous $300-million program. By September 1950, with the new alliance already straining under the weight of the crisis over the decision to re-arm West Germany, the government agreed to send Canadian troops back to Europe as part of the new North Atlantic integrated force. "For those who assumed that participation in international institutions was going to be cheap," John Holmes recalled later, "1950 was a bad year."[6]

Most of the material on Canada's relations with the United States should also be read with one eye on the conflict in Korea and its wide-ranging consequences. While Chapter 8 devotes some attention to such traditional "fence-line" issues as the Niagara Diversion Treaty and fisheries management, substantial space is given over to the consideration of bilateral defence questions, which loomed larger than ever after June 1950. The difficult and awkward negotiations over defence procurement in early 1950 contrast strikingly with the rapid pace of military and economic integration that resulted when the United States — with Canada forced to follow closely behind — moved towards partial mobilization in the fall of 1950.

The new sense of urgency which infused Canada's defence relations with the United States propelled the government's concern for Canadian sovereignty to new heights. Washington's inclination to view its neighbour's northern reaches as increasingly vital for the defence of North America led to a growing requirement for bases and facilities. In acceding to the U.S. request to station a squadron of nuclear-armed B-49s at Goose Bay in August 1950, Canada was confronted for the first time with troubling questions about its role and responsibilities in any American decision to deploy nuclear weapons from Canadian territory. This issue complicated bilateral relations for the rest of the decade.

As the Cold War entered a chillier period, other bilateral relationships paled in significance compared with the importance of Canada's relations with the United States. Indeed, the unexpected expenditures necessitated by the Korean crisis prompted Ottawa to suspend plans for opening new posts abroad, accounting for the brevity of the first chapter. Instead of the usual collection of documents on recognition and accreditation, this section has as its central preoccupation the impact of the Cold War on the conduct of diplomacy.

Similarly, the Cold War effectively eliminated significant bilateral exchanges with the Soviet Union and Eastern Europe (Chapter 10). Isolated in his chancery, Canada's chargé d'affaires, John Watkins, even found it impossible to comment meaningfully on the nature and course of Soviet foreign policy. Relations with the

[6] John Holmes, *The Shaping of Peace: Canada and the Search for World Order, 1943-1957, Volume 2* (Toronto: University of Toronto Press, 1982), p. 176.

Le nouveau sentiment d'urgence qui caractérisa les relations de défense du Canada avec les États-Unis aviva comme jamais auparavant les préoccupations du gouvernement au sujet de la souveraineté canadienne. La propension de Washington à considérer que les territoires nordiques de son voisin avaient un rôle de plus en plus vital dans la défense de l'Amérique du Nord conduisit à une demande accrue de bases et d'installations militaires. Lorsqu'il accepta le stationnement d'un escadron américain de B-49 équipés d'armes nucléaires à Goose Bay en août 1950, le Canada dut pour la première fois faire face à des questions troublantes au sujet de son rôle et de ses responsabilités à l'égard de toute décision américaine de déployer des armes nucléaires à partir du territoire canadien. Ce dilemme compliqua les relations bilatérales durant le reste de la décennie.

Avec l'aggravation de la guerre froide, les autres relations bilatérales du Canada subirent un net recul par rapport aux liens avec les États-Unis. D'ailleurs, les dépenses inattendues qu'entraîna la crise coréenne amenèrent Ottawa à suspendre l'ouverture de nouvelles missions à l'étranger, ce qui explique la brièveté du premier chapitre. À la différence de la collection habituelle de documents sur la reconnaissance et l'accréditation, cette section privilégie l'impact de la guerre froide sur la conduite de la diplomatie.

De façon semblable, la guerre froide a effectivement éliminé tout échange bilatéral significatif avec l'Union soviétique et l'Europe orientale (Chapitre 10). Isolé dans sa chancellerie, le chargé d'affaires du Canada, John Watkins, se rendit compte qu'il lui était impossible de faire une analyse pertinente de la nature et de l'orientation de la politique étrangère soviétique. Les relations avec le bloc soviétique se résumèrent essentiellement à des échanges de propagande. Ailleurs en Europe orientale, l'intensification de la guerre froide obligea le gouvernement canadien à examiner quelle serait sa position face à une Allemagne divisée en permanence et à l'État communiste dissident de la Yougoslavie. À l'hiver de 1950-1951, quand les tensions qui divisaient l'Est et l'Ouest atteignirent leur paroxysme, des hauts fonctionnaires et des ministres cherchèrent à mesurer les risques très réels d'une guerre dans une série de mémoires passant en revue une année qui s'achevait «sur une crise et des espoirs déçus»[7] (Documents 629 à 636).

Les rapports personnels, politiques et administratifs qui avaient façonné la politique canadienne en 1949 restèrent largement inchangés[8]. Au sommet, le premier ministre, Louis Saint-Laurent, continua sa collaboration harmonieuse avec Pearson, qui acquérait de plus en plus de maîtrise et de confiance dans ses fonctions de secrétaire d'État aux Affaires extérieures. Comme l'illustrent cependant les sections sur la reconnaissance de la Chine communiste et les débuts du conflit coréen, les deux hommes divergèrent parfois dans leur façon d'aborder des aspects de la guerre froide. Pearson, toujours relativement inexpérimenté comme ministre, fut parfois enclin à négliger les considérations de politique intérieure alors qu'il cherchait à réaliser ses objectifs en matière de politique étrangère. D'autre part, le premier ministre, formé par un William Lyon Mackenzie King prudent, était extrêmement conscient de la nécessité de ne pas s'écarter de l'opinion canadienne.

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[7] *Rapport annuel du ministère des Affaires extérieures*, p. vii.

[8] Voir A.D.P. Heeney, «The Conduct of Canadian Diplomacy», *Statements and Speeches* 50/2.

Soviet bloc were virtually reduced to an exchange of propaganda. Elsewhere in Eastern Europe, the hardening of the Cold War compelled the Canadian government to consider how it might deal with a permanently divided Germany and the dissident Communist state of Yugoslavia. As the tensions dividing East and West reached their most acute phase in the winter of 1950-51, senior officials and cabinet ministers tried to assess the very real possibility of war in a series of memoranda that surveyed a year which ended "in crisis and in disappointed hopes."[7] (Documents 629 to 636)

The personal, political and bureaucratic relationships that had shaped Canadian policy in 1949 remained largely unaltered.[8] At the top, the Prime Minister, Louis St. Laurent, continued to work smoothly with his increasingly sure-footed and self-confident Secretary of State for External Affairs. However, as the sections dealing with the recognition of Communist China and the early stages of the Korean conflict make clear, occasional differences emerged in the way they approached Cold War issues. Pearson, who was still relatively inexperienced as a Cabinet minister, was sometimes inclined to overlook domestic considerations in pursuit of his foreign policy objectives. On the other hand, the Prime Minister, tutored by the cautious William Lyon Mackenzie King, was acutely aware of the need to proceed in step with domestic opinion.

Arnold Heeney continued to serve as the Under-Secretary of State for External Affairs. Among his senior associates, the only significant change involved the rotation of Charles Ritchie from Paris to Ottawa, where he joined H.O. Moran and Léon Mayrand as one of the department's three assistant under-secretaries of state for external affairs. Ritchie was primarily responsible for European affairs.

There were no changes in leadership at Canada's most important posts: Hume Wrong remained in Washington, Dana Wilgress in London, and Georges Vanier in Paris. Nevertheless, there were a few notable developments in Canada's representation abroad. G.A. Riddell became the Permanent Representative to the United Nations in August 1950, displacing John Holmes, who had served in an acting capacity for most of the year. At the same time, Sidney Pierce, the Associate Deputy Minister of Trade and Commerce, was sent to head the new mission to the Organization for European Economic Co-operation.

The records of the Department of External Affairs and the Privy Council Office provided most of the material for this survey of Canadian foreign policy. They were supplemented where necessary by the personal papers of many of the Cabinet ministers and senior officials involved in these events and by the records of the departments of Defence, Trade and Commerce, and Finance. In preparing this volume, I was given complete access to the records of the Department of External Affairs and generous access to other collections. A complete list of the sources examined in the preparation of this volume may be found on page xxiii.

The selection of documents has been guided by the principles set out in the Introduction to Volume 7 (pp. ix-xi) of this series. The editorial devices used in this

[7] *Report of the Department of External Affairs*, p. vii.
[8] See A.D.P. Heeney, "The Conduct of Canadian Diplomacy," *Statements and Speeches* 50/2.

Arnold Heeney resta sous-secrétaire d'État aux Affaires extérieures. Le seul changement important parmi ses proches collaborateurs fut le retour de Paris de Charles Ritchie, qui se joignit à H.O. Moran et à Léon Mayrand comme sous-secrétaire d'État adjoint, avec pour responsabilité principale les affaires européennes.

Il n'y eut aucun changement à la tête des plus importantes missions canadiennes : Hume Wrong resta à Washington, Dana Wilgress à Londres et Georges Vanier à Paris. La représentation du Canada à l'étranger connut néanmoins quelques modifications notables. G.A. Riddell devint le représentant permanent aux Nations Unies en août 1950, en remplacement de John Holmes, qui agissait à titre de représentant suppléant depuis le début de l'année. Sidney Pierce, le sous-ministre associé au ministère du Commerce, fut pour sa part nommé à la tête de la nouvelle mission auprès de l'Organisation européenne de coopération économique.

La plupart des documents utilisés dans ce survol de la politique étrangère du Canada proviennent des dossiers du ministère des Affaires extérieures et du Bureau du Conseil privé. J'ai aussi utilisé au besoin les documents personnels de différents ministres et hauts fonctionnaires qui participèrent à ces événements ainsi que les dossiers des ministères de la Défense nationale, du Commerce et des Finances. J'ai eu libre accès aux dossiers du ministère des Affaires extérieures et j'ai pu aussi consulter abondamment d'autres collections. La liste complète des sources examinées figure à la page xxiii.

Les principes directeurs suivis pour sélectionner les documents sont ceux exposés dans l'Introduction au volume 7 (pp. ix-xi). Les signes conventionnels de ce volume sont les mêmes que ceux décrits dans l'Introduction au volume 9 (p. xix). Une croix (†) signifie que le document n'a pas été imprimé; des points de suspension [...] indiquent une coupure dans le texte.

Le travail était déjà amorcé quand j'ai assumé la direction du présent ouvrage à l'automne de 1992. Je suis reconnaissant à Gaston Blanchet des travaux qu'il avait déjà effectués. Le personnel des Archives nationales du Canada a contribué à mener le projet à terme. Paulette Dozois, Paul Marsden et Dave Smith de la Sous-section des affaires militaires et internationales de la Division des archives gouvernementales ont toujours répondu à mes nombreuses demandes de façon rapide, utile et, surtout, avec gentillesse. Michael Way, de la Section de l'accès à l'information, et Janet Murray, au comptoir du prêt, n'ont pas ménagé d'efforts pour m'assurer un approvisionnement continu de documentation.

Chris Cook et Brian Hearnden m'ont bien secondé à titre d'adjoints à la recherche tout au cours du projet. Mon collègue Ted Kelly, qui m'a assisté dans la révision des chapitres sur la conduite de la diplomatie, l'aviation civile et les relations avec le bloc soviétique, m'a fourni un appui indispensable à tous les niveaux du projet, de sa conception à la publication. Angie Sauer a aidé à la sélection de documents sur l'Allemagne et Robert Bothwell a volontiers partagé sa connaissance du dossier de l'énergie atomique. Les anciens éditeurs Norman Hillmer, Hector Mackenzie et Don Barry ont toujours été disponibles pour discuter des problèmes auxquels j'ai été confronté et ils m'ont toujours offert des conseils sûrs et pratiques. L'éditeur en chef de la collection, John Hilliker, a revu l'ensemble du

volume are those described in the Introduction to Volume 9 (p. xix). A dagger (†) indicates a document which has not been printed and ellipses (...), an editorial excision.

The work on this volume had already begun when I assumed responsibility as editor in the fall of 1992. I am grateful for the early start made on this project by Gaston Blanchet. The staff at the National Archives of Canada was instrumental in bringing this project to completion. Paulette Dozois, Paul Marsden and Dave Smith of the Military and International Affairs Records Unit of the Government Archives Division consistently responded promptly, helpfully and, most important, cheerfully to my many inquiries. Michael Way, from the Access to Information Section, and Janet Murray at the circulation desk, both worked hard at keeping a steady supply of raw material flowing across my desk.

Chris Cook and Brian Hearnden served ably as research assistants throughout the enterprise. My colleague Ted Kelly, who helped edit the chapters on the conduct of diplomacy, civil aviation and relations with the Soviet bloc, provided indispensable assistance at all stages of the project from conception to publication. Angie Sauer helped with the selection of documents on Germany, and Robert Bothwell willingly contributed his knowledge on atomic energy. Former editors Norman Hillmer, Hector Mackenzie and Don Barry were always available to discuss the editorial challenges I faced and invariably offered sound and practical advice. The general editor of this series, John Hilliker, reviewed the entire manuscript with his usual attention to detail. His comments undoubtedly have made this a better book. The series would not be possible without the support I received from the two directors of the Corporate Communications Division under whom it prospered — Mary Jane Starr and Alan Darisse. Despite all this help, I remain responsible for the final selection of documents in this volume.

For the first time in many years, the Historical Section furnished the supplementary text and co-ordinated the technical preparation of the volume. The manuscript was typed and formatted by Aline Gélineau. Boris Stipernitz compiled the index and André Racicot of the department's translation bureau rendered into French the footnotes, captions and ancillary text. Gail Devlin, who proofread the entire manuscript, shared the insights garnered from her work on several earlier volumes. My work on this volume was helped in countless ways by the quiet support of Mary Donaghy and the vocal exhortations of Katherine Donaghy.

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manuscrit avec son habituel souci du détail. Ses observations ont sans aucun doute amélioré l'ouvrage. La collection ne serait pas possible sans l'appui que j'ai reçu des deux directeurs de la Direction des communications ministérielles — Mary Jane Starr et Alan Darisse — qui en ont assuré l'essor. En dépit de toute cette aide, je reste responsable de la sélection finale des documents dans le présent ouvrage.

Pour la première fois depuis de nombreuses années, la Section historique a fourni les ajouts et a coordonné la préparation technique de l'ouvrage. Le manuscrit a été saisi et mis en forme par Aline Gélineau. Boris Stipernitz a établi l'index et André Racicot du Service de traduction du Ministère a traduit en français les notes de bas de page, les légendes et les ajouts. Gail Devlin, qui a fait la correction d'épreuves de l'ensemble du manuscrit, a partagé le fruit de l'expérience qu'elle avait acquise lors de la production de plusieurs ouvrages antérieurs. Le soutien discret de Mary Donaghy et les exhortations de Katherine Donaghy m'ont aussi aidé d'innombrables façons.

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PROVENANCE DES DOCUMENTS[1]
LOCATION OF DOCUMENTS[1]

Documents de Brooke Claxton, Archives nationales (MG 32 B5)	B.C.	Brooke Claxton Papers, National Archives (MG 32 B5)
Documents de C.D. Howe, Archives nationales (MG 27 III B20)	C.D.H.	C.D. Howe Papers, National Archives (MG 27 III B20)
Dossiers de l'ambassade du Canada à Washington, Archives nationales (RG 25 B3)	CEW	Canadian Embassy, Washington, Files, National Archives (RG 25 B3)
Dossiers du ministère des Affaires extérieures	DEA	Department of External Affairs Files
Dossiers du ministère des Finances, Archives nationales (RG 19)	DF	Department of Finance Files, National Archives (RG 19)
Dossiers du ministère de la Défense nationale, Archives nationales (RG 24)	DND	Department of National Defence Files, National Archives (RG 24)
Dossiers du ministère du Commerce, Archives nationales (RG 20)	DTC	Department of Trade and Commerce Files, National Archives (RG 20)
Documents de L.B. Pearson, Archives nationales (MG 26 N1)	L.B.P.	L.B. Pearson Papers, National Archives (MG 26 N1)
Documents de L.S. St-Laurent, Archives nationales (MG 26 L)	L.S.L.	L.S. St. Laurent Papers, National Archives (MG 26 L)
Bureau du Conseil privé— conclusions du Cabinet et documents du Cabinet	PCO	Privy Council Office— Cabinet Conclusions and Cabinet Documents
Autres documents des archives du BCP	PCO/Vol.#	Other documents from PCO records

[1] Ceci est une liste des symboles utilisés pour indiquer la provenance des documents. Les cotes des collections déposées aux Archives nationales du Canada sont entre parenthèses.
This is a list of the symbols used to indicate the location of documents. The call numbers of collections deposited at the National Archives of Canada are in parentheses.

LISTE DES ABRÉVIATIONS
LIST OF ABBREVIATIONS

AEC	Atomic Energy Commission (United Nations)
AFofL	American Federation of Labour
AP	Associated Press
A/V/M	Air Vice Marshal
BCOF	British Commonwealth Occupation Force (Japan)
CAS	Chief of Air Staff
CBCIS	Canadian Broadcasting Corporation International Service/ Service international de Radio-Canada
CCA	Commission for Conventional Armanents (United Nations)
CCF	Cooperative Commonwealth Federation
CFM	Council of Foreign Ministers
CGS	Chief of General Staff
CPAL	Canadian Pacific Airlines
CPC	Combined Policy Committee
CRO	Commonwealth Relations Office
DCER/DREC	Documents on Canadian External Relations/Documents relatifs aux Relations extérieures du Canada
DFEC	Defence Finance and Economic Committee (NATO)
ECA	Economic Cooperation Administration (United States)
ECOSOC	Economic and Social Council (United Nations)
ERP	European Recovery Program
EPU	European Payments Union
FAO	Food and Agriculture Organization
FEC	Far Eastern Commission
FRUS	Foreign Relations of the United States
FSO	Foreign Service Officer
GATT	General Agreement on Tariffs and Trade/Accord général sur les tarifs douaniers et le commerce
HMCS	His Majesty's Canadian Ship
IBRD	International Bank for Reconstruction and Development
ICAO	International Civil Aviation Organization
IJC	International Joint Commission
ILO	International Labour Organization
IMF	International Monetary Fund
IRO	International Refugee Organization
ITO	International Trade Organization
IWC	International Wheat Council
JIB	Joint Intelligence Board
JIC	Joint Intelligence Committee
JIMC	Joint Industrial Mobilization Committee
LT.COL.	Lieutenant-Colonel
MDAA	Mutual Defense Assistance Act (United States)
MFN	Most-Favoured Nation
MP	Member of Parliament
MPSB	Military Production and Supply Board (NATO)
NATO	North Atlantic Treaty Organization
NGO	Non-Governmental Organization
NSRB	National Security Resources Board
OEEC	Organization for European Economic Cooperation
OIT	Office of International Trade, Department of Commerce of United States
OMA	Office of Military Affairs, Office of Assistant to Secretary of Defense of United States (International Security Affairs)
PJBD	Permanent Joint Board on Defence
POL	Petroleum, Oil, Lubricants

PWS	Permanent Working Staff
RAF	Royal Air Force
RCAF	Royal Canadian Air Force
RCMP	Royal Canadian Mounted Police
SAC	Strategic Air Command
SCAP	Supreme Commander, Allied Powers, Japan
SHAPE	Supreme Headquarters, Allied Powers, Europe
TAB	Technical Assistance Board (United Nations)
TAC	Interdepartmental Committee on Trade Agreements (United States)
TAP	Technical Assistance Program (United Nations)
TCA	Trans-Canada Airlines
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNCIP	United Nations Commission on India and Pakistan
UNICEF	United Nations International Children's Emergency Fund
UNKRA	United Nations Korean Reconstruction Agency
UNRRA	United Nations Relief and Rehabilitation Administration
USAEC	United States Atomic Energy Commission
USAF	United States Air Force
USG	United States Government
USNS	United States Naval (Navy) Ship
USSEA	Under-Secretary of State for External Affairs
W/CDR.	Wing Commander
WFTU	World Federation of Trade Unions
WFUNA	World Federation of United Nations Associations
WHO	World Health Organization
WPTB	Wartime Prices and Trade Board

LISTE DES PERSONNALITÉS[1]
LIST OF PERSONS[1]

ABBOTT, Douglas C., ministre des Finances.

ACHESON, Dean G., secrétaire d'État des États-Unis.

ACHILLES, Theodore C., directeur, Bureau des affaires de l'Europe de l'Ouest, Département d'État des États-Unis (-oct.); délégué adjoint des États-Unis auprès du Conseil de l'Atlantique Nord.

ADENAUER, Konrad, chancelier, République fédérale d'Allemagne et ministre des Affaires étrangères.

ALLARD, Hector, Chef de mission au Canada de l'Organisation internationale pour les réfugiés.

ALLISON, John M., directeur, Bureau des affaires de l'Asie du Nord-Est, Département d'État des États-Unis.

ALPHAND, Hervé, délégué de la France auprès du Conseil de l'Atlantique Nord et ambassadeur de France auprès de l'Organisation européenne de coopération économique.

ANDREW, Arthur, deuxième secrétaire, mission militaire du Canada auprès de la Commission de contrôle des Alliés en Allemagne, et mission du Canada auprès de la Haute Commission interalliée en Allemagne (avril-).

ARMSTRONG, Willis Park, adjoint spécial au renseignement, Département d'État des États-Unis.

ARNESON, R. Gordan, adjoint spécial du secrétaire d'État des États-Unis sur les questions atomiques.

ATTLEE, Clement R., premier ministre du Royaume-Uni.

AUDETTE, Louis de la Chesnaye, Commissaire, Commission maritime canadienne (juin -).

AURIOL, Vincent, président de la France.

AUSTIN, sénateur Warren R., représentant permanent des États-Unis aux Nations Unies.

BAJPAI, sir Girja S., secrétaire général, ministère des Affaires extérieures et des Relations avec le Commonwealth de l'Inde.

ABBOTT, Douglas C., Minister of Finance.

ACHESON, Dean G., Secretary of State of United States.

ACHILLES, Theodore C., Director, Office of West European Affairs, Department of State of United States (-Oct.); Vice-Deputy of United States to North Atlantic Council.

ADENAUER, Konrad, Chancellor, Federal Republic of Germany, and Minister of Foreign Affairs.

ALLARD, Hector, Chief of Mission of I.R.O. in Canada.

ALLISON, John M., Director, Office of Northeast Asian Affairs, Department of State of United States.

ALPHAND, Hervé, Deputy of France to North Atlantic Council, and Ambassador of France to O.E.E.C.

ANDREW, Arthur, Second Secretary, Canadian Military Mission to Allied Control Commission in Germany, and Canadian Mission to Allied High Commission in Germany (Apr.-).

ARMSTRONG, Willis Park, Special Assistant for Intelligence, Department of State of United States.

ARNESON, R. Gordan, Special Assistant to Secretary of State of United States on atomic energy questions.

ATTLEE, Clement R., Prime Minister of United Kingdom.

AUDETTE, Louis de la Chesnaye, Commissioner, Canadian Maritime Commission (Jun.-).

AURIOL, Vincent, President of France.

AUSTIN, Senator Warren R., Permanent Representative of United States to United Nations.

BAJPAI, Sir Girja S., Secretary-General, Ministry of External Affairs and Commonwealth Relations of India.

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[1] Ceci est une sélection des principales personnalités canadiennes et de certaines personnalités de l'étranger souvent mentionnées dans les documents. Les notices biographiques se limitent aux fonctions qui se rapportent aux documents reproduits dans ce volume.
This is a selection of important Canadian personalities and some foreign personalities often mentioned in the documents. The biographical details refer only to the positions pertinent to the documents printed herein.

BANCROFT, Harding F., directeur, Bureau des affaires politiques et de la sécurité, Département d'État des États-Unis.

BAO DAI, empereur du Viêt-nam.

BASDEVANT, Jean, conseiller, ambassade de France.

BATEMAN, George, ingénieur des mines, membre de la Commission de contrôle de l'énergie atomique.

BEAUPRÉ, T.N., adjoint exécutif du sous-ministre du Commerce.

BECH, Joseph, ministre des Affaires étrangères du Luxembourg.

BENNINGHOFF, H. Merrell, agent chargé des affaires du Dominion, Bureau des affaires du Commonwealth britannique et de l'Europe du Nord, Département d'État des États-Unis.

BERENDSEN, sir Carl P., ambassadeur de Nouvelle-Zélande aux États-Unis, et président de la délégation de Nouvelle-Zélande à l'Assemblée générale des Nations Unies.

BERLIS, N.F.H., secrétaire de la délégation permanente auprès de l'Office européen des Nations Unies.

BEVIN, Ernest, secrétaire d'État aux Affaires étrangères du Royaume-Uni, et représentant du Royaume-Uni à l'Assemblée générale des Nations Unies.

BIDAULT, Georges, premier ministre de France (-juin).

BISSELL, Richard M., jr., administrateur adjoint de programme, Administration de la coopération économique des États-Unis.

BLISS, Don C., conseiller, ambassade des États-Unis; ministre, ambassade des États-Unis.

BOKHARI, Ahmed S., représentant du Pakistan aux Nations Unies.

BONNET, Henri, ambassadeur de France aux États-Unis.

BOWER, R.P., secrétaire commercial, haut-commissariat au Royaume-Uni.

BRADLEY, général d'armée Omar N., président, chefs d'état-major conjoints des États-Unis.

BREITHUT, Richard C., représentant du Trésor des États-Unis, attaché au Royaume-Uni; représentant principal des États-Unis au groupe de travail permanent du Comité financier et économique de la défense de l'Atlantique Nord.

BANCROFT, Harding F., Director, Office of Political and Security Affairs, Department of State of United States.

BAO DAI, Emperor of Vietnam.

BASDEVANT, Jean, Counsellor, Embassy of France.

BATEMAN, George, mining engineer, member of Atomic Energy Control Board.

BEAUPRÉ, T.N., Executive Assistant to Deputy Minister of Trade and Commerce.

BECH, Joseph, Minister of Foreign Affairs of Luxembourg.

BENNINGHOFF, H. Merrell, Officer in Charge of Dominion Affairs, Office of British Commonwealth and Northern European Affairs, Department of State of United States.

BERENDSEN, Sir Carl P., Ambassador of New Zealand in United States, and Chairman of Delegation of New Zealand to General Assembly of United Nations.

BERLIS, N.F.H., Secretary, Permanent Delegation to European Office of United Nations.

BEVIN, Ernest, Secretary of State for Foreign Affairs of United Kingdom, and Representative of United Kingdom to General Assembly of United Nations.

BIDAULT, Georges, Prime Minister of France (-Jun.).

BISSELL, Richard M., Jr., Assistant Administrator of Program, E.C.A. of United States.

BLISS, Don C., Counsellor, Embassy of United States; Minister, Embassy of United States.

BOKHARI, Ahmed S., Representative of Pakistan to United Nations.

BONNET, Henri, Ambassador of France in United States.

BOWER, R.P., Commercial Secretary, High Commission in United Kingdom.

BRADLEY, General of the Army Omar N., Chairman, Joint Chiefs of Staff of United States.

BREITHUT, Richard C., Representative of Treasury of United States assigned as attaché in United Kingdom; Senior Representative of United States on Permanent Working Staff of D.F.E.C.

BRYAN, Arthur E., conseiller commercial, haut-commissariat au Royaume-Uni.

BRYCE, R.B., sous-ministre adjoint des Finances et secrétaire du Conseil du Trésor.

BULL, William F., directeur, Direction générale des produits, ministère du Commerce (-sept.); sous-ministre adjoint (chargé de la Direction des produits et des contrôles).

BUNCHE, Ralph J., directeur, Département de la tutelle des Nations Unies.

BURBRIDGE, Kenneth J., chef, Direction des affaires juridiques.

CAMERON, Dr George, sous-ministre, Santé nationale et Bien-être social (santé).

CAMPBELL, vice-maréchal de l'air Hugh L., président, état-major du Canada aux États-Unis.

CAMPBELL, P.G.R., deuxième secrétaire, ambassade aux États-Unis (oct.-).

CAMPBELL, Ross, deuxième secrétaire, légation en Danemark (- mai).

CARTER, Henry H., conseiller, délégation permanente auprès des Nations Unies.

CHANCE, Leslie G., chef, Direction des affaires consulaires.

CHAPPEL, N.R., secrétaire, section canadienne, Comité mixte de mobilisation industrielle.

CHEVRIER, Lionel, ministre des Transports.

TCHIANG, Kaï-Chek, général, président de la République de Chine.

CH'IAO, Kuan-hua, conseiller du général Wu de la délégation de la République populaire de Chine, vice-président du Comité de la politique étrangère du ministère des Affaires étrangères.

CHIPMAN, Warwick F., haut-commissaire en Inde.

TCHOU EN-LAI, généralissime, premier ministre et ministre des Affaires étrangères de la République populaire de Chine.

CHURCHILL, Winston S., chef de l'Opposition au Royaume-Uni.

CLARK, Dr William C., sous-ministre des Finances.

CLARK, major-général Samuel Finlay, président, mission de l'état-major conjoint canadien au Royaume-Uni.

CLARKE, sir Richard W.B. "Otto", sous-secrétaire au Trésor du Royaume-Uni.

CLAXTON, Brooke, ministre de la Défense nationale.

BRYAN, Arthur E., Commercial Counsellor, High Commission in United Kingdom.

BRYCE, R.B., Assistant Deputy Minister of Finance and Secretary of Treasury Board.

BULL, William F., Director, Commodities Branch, Department of Trade and Commerce (-Sept.); Assistant Deputy Minister (i/c Commodities and Controls Division).

BUNCHE, Ralph J., Director, Department of Trusteeship of United Nations.

BURBRIDGE, Kenneth J., Head of Legal Division.

CAMERON, Dr. George, Deputy Minister, National Health and Welfare (Health).

CAMPBELL, A/V/M Hugh L., Chairman, Canadian Joint Staff in United States.

CAMPBELL, P.G.R., Second Secretary, Embassy in United States (Oct.-).

CAMPBELL, Ross, Second Secretary, Legation in Denmark (-May).

CARTER, Henry H., adviser, Permanent Delegation to United Nations.

CHANCE, Leslie G., Head, Consular Division.

CHAPPEL, N.R., Secretary, Canadian Section, J.I.M.C.

CHEVRIER, Lionel, Minister of Transport.

CHIANG, Kai-Shek, General, President of Republic of China.

CH'IAO, Kuan-hua, adviser to General Wu in Delegation of People's Republic of China, and Vice-Chairman of the Foreign Ministry's Foreign Policy Committee.

CHIPMAN, Warwick F., High Commissioner in India.

CHOU EN-LAI, Generalissimo, Prime Minister and Foreign Minister of People's Republic of China.

CHURCHILL, Winston S., Leader of Opposition in United Kingdom.

CLARK, Dr. William C., Deputy Minister of Finance.

CLARK, Major-General Samuel Finlay, Chairman, Canadian Joint Staff in United Kingdom.

CLARKE, Sir Richard W.B. "Otto", Under-Secretary, Treasury of United Kingdom.

CLAXTON, Brooke, Minister of National Defence.

CLUTTERBUCK, sir Alexander, haut-commissaire du Royaume-Uni.

COLE, David, délégation du Royaume-Uni aux Nations Unies.

COLLINS, Ralph E., premier secrétaire, ambassade aux États-Unis (-oct.).

CONNALLY, sénateur Thomas (démocrate), Texas, président du comité des relations étrangères du Sénat.

CORDIER, Andrew W., adjoint exécutif du secrétaire général des Nations Unies.

CORLEY-SMITH, G.T., délégué du Royaume-Uni aux Nations Unies, conseiller aux affaires économiques et sociales.

COUILLARD, J. Louis, Direction des affaires économiques, et membre, Délégation du Canada à la quatrième session de l'Accord général sur les tarifs douaniers et le commerce; représentant adjoint à l'Organisation européenne de coopération économique (oct.-).

COULSON, John E., délégué à la délégation permanente du Royaume-Uni auprès de l'Organisation européenne de coopération économique; représentant adjoint du Royaume-Uni aux Nations Unies.

CREAN, Gordon G., collège de la Défense nationale à Kingston (-juin); premier secrétaire, légation en Yougoslavie; chargé d'affaires a.i. en Yougoslavie.

CREPAULT, Alexandre Raymond, délégation permanente aux Nations Unies (août-).

CRIPPS, sir Stafford, chancelier de l'Échiquier du Royaume-Uni (-oct.).

CUNHA, prof. Paulo, ministre des Affaires étrangères du Portugal.

CURRY, R.B., représentant suppléant à la sixième session de la Commission des affaires sociales du Conseil des affaires économiques et sociales des Nations Unies.

CURTIS, maréchal de l'air W.A., chef de l'état-major de l'air.

DAVIDSON, George F., sous-ministre, Santé nationale et Bien-être social (Bien-être social).

DÉSY, Jean, ambassadeur en Italie.

DEUTSCH, John J., directeur, Direction des relations économiques internationales, ministère des Finances.

CLUTTERBUCK, Sir Alexander, High Commissioner of United Kingdom.

COLE, David, Delegation of United Kingdom to United Nations.

COLLINS, Ralph E., First Secretary, Embassy in United States (-Oct.).

CONNALLY, Senator Thomas (Democrat), Texas, Chairman of Senate Foreign Relations Committee.

CORDIER, Andrew W., Executive Assistant to Secretary-General of United Nations.

CORLEY-SMITH, G.T., Delegate of United Kingdom to United Nations, Counsellor for Economic and Social Affairs.

COUILLARD, J. Louis, Economic Division, and Member, Delegation of Canada to Fourth Session of G.A.T.T.; Deputy Representative to O.E.E.C. (Oct.-).

COULSON, John E., Deputy to Permanent Delegation of United Kingdom to O.E.E.C.; Deputy Representative of United Kingdom to United Nations.

CREAN, Gordon G., National Defence College in Kingston (-Jun.); First Secretary, Legation in Yugoslavia; Chargé d'Affaires a.i. in Yugoslavia.

CREPAULT, Alexandre Raymond, Permanent Delegation to United Nations (Aug.-).

CRIPPS, Sir Stafford, Chancellor of the Exchequer of United Kingdom (-Oct.).

CUNHA, Prof. Paulo, Minister of Foreign Affairs of Portugal.

CURRY, R.B., Alternate Representative to Sixth session of Social Commission of E.C.O.S.O.C.

CURTIS, Air Marshal W.A., Chief of Air Staff.

DAVIDSON, Dr. George F., Deputy Minister of National Health and Welfare (Welfare).

DÉSY, Jean, Ambassador in Italy.

DEUTSCH, John J., Director, International Economic Relations Division, Department of Finance.

DOIDGE, sir Frederick W., ministre des Affaires extérieures de Nouvelle-Zélande et chef de délégation à l'Assemblée générale des Nations Unies.

DRURY, Charles M., sous-ministre de la Défense nationale.

DULLES, John Foster, membre de la délégation des États-Unis aux Nations Unies, conseiller du Parti républicain en matière de politique étrangère auprès du président des États-Unis.

EBERTS, Christopher C., secrétaire, section canadienne, Commission permanente canado-américaine de défense; secrétaire adjoint du Cabinet et secrétaire du Comité sur la défense du Cabinet (déc.-).

EISENHOWER, général d'armée Dwight D., commandant suprême des Forces alliées en Europe de l'Organisation du Traité de l'Atlantique Nord (déc.-).

ENGLISH, J.H., conseiller commercial, ambassade aux États-Unis.

ENTEZAM, Nasrollah, représentant de l'Iran aux Nations Unies, et président de la cinquième session de l'Assemblée générale des Nations Unies.

EVATT, Herbert V., ministre des Affaires extérieures de l'Australie (1941-1949); président de l'Assemblée générale des Nations Unies (1948-1949).

FAWZI BEY, Mahmoud, représentant de l'Égypte à l'Assemblée générale des Nations Unies.

FEAVER, Herbert F., chef de la Direction du Commonwealth.

FLEURY, Brigadier Frank J., commandant de la mission militaire canadienne au Japon.

FORD, R.A.D., directions des affaires européennes et de l'Organisation des Nations Unies.

FORTIER, colonel Laval, sous-ministre de la Citoyenneté et de l'Immigration.

FOULKES, lieutenant-général Charles, chef de l'état-major général et président, comité des chefs d'état-major.

FRANKS, sir Oliver S., ambassadeur du Royaume-Uni aux États-Unis.

FROST, Leslie M., premier ministre de l'Ontario.

GAITSKELL, Hugh, ministre d'État des affaires économiques du Royaume-Uni (-oct.); chancelier de l'Échiquier du Royaume-Uni.

GARDINER, James G., ministre de l'Agriculture.

GARLAND, E.J., ministre en Norvège et en Islande.

DOIDGE, Sir Frederick W., Minister of External Affairs of New Zealand, and Head of Delegation to General Assembly of United Nations.

DRURY, Charles M., Deputy Minister of National Defence.

DULLES, John Foster, Member, Delegation of United States to United Nations, and Republican Party foreign policy adviser to President of United States.

EBERTS, Christopher C., Secretary, Canadian Section, P.J.B.D.; Assistant Secretary to Cabinet, and Secretary to Cabinet Defence Committee (Dec.-).

EISENHOWER, General of the Army Dwight D., Supreme Allied Commander in Europe, N.A.T.O. (Dec.-).

ENGLISH, J.H., Commercial Counsellor, Embassy in United States.

ENTEZAM, Nasrollah, Representative of Iran to United Nations, and President of Fifth Session of General Assembly of United Nations.

EVATT, Herbert V., Minister of External Affairs of Australia (1941-1949); President of General Assembly of United Nations (1948-1949).

FAWZI BEY, Mahmoud, Representative of Egypt to General Assembly of United Nations.

FEAVER, Herbert F., Head, Commonwealth Division.

FLEURY, Brigadier Frank J., Commander of Canadian Military Mission in Japan.

FORD, R.A.D., European and U.N. Divisions.

FORTIER, Colonel Laval, Deputy Minister of Citizenship and Immigration.

FOULKES, Lieutenant-General Charles, Chief of General Staff, and Chairman, Chiefs of Staff Committee.

FRANKS, Sir Oliver S., Ambassador of United Kingdom in United States.

FROST, Leslie M., Premier of Ontario.

GAITSKELL, Hugh, Minister of State for Economic Affairs of United Kingdom (-Oct.); Chancellor of Exchequer of United Kingdom.

GARDINER, James G., Minister of Agriculture.

GARLAND, E.J., Minister in Norway and Iceland.

GARNER, J.J.S., sous-secrétaire d'État adjoint, Bureau des relations avec le Commonwealth du Royaume-Uni.

GEORGE, James, direction de la liaison avec la Défense.

GILL, Evan W.T., secrétaire, Comité de défense du Cabinet (-mars); conseiller, haut-commissariat au Royaume-Uni, représentant suppléant auprès du Bureau de la production de défense de l'Atlantique Nord (Londres).

GORDON, Lincoln, conseiller économique de l'adjoint spécial du président des États-Unis.

GORDON-WALKER, Patrick C., sous-secrétaire parlementaire aux relations avec le Commonwealth du Royaume-Uni (-fév.); secrétaire d'État aux Relations du Commonwealth du Royaume-Uni.

GRAFSTRÖM, Sven, représentant suppléant de la Suède aux Nations Unies.

GRANDE, George K., conseiller et secrétaire de la délégation permanente aux Nations Unies (-août); Directions des Nations Unies et des affaires juridiques.

GRAY, Gordon, secrétaire de l'armée des États-Unis (-mars-avril); adjoint special du président des États-Unis (-août).

GROMYKO, Andrei A., Premier sous-ministre des Affaires étrangères de l'Union soviétique.

GROSS, Ernest A., représentant adjoint des États-Unis auprès des Nations Unies.

GRUENTHER, lieutenant-général Alfred M., chef d'état-major adjoint aux plans et opérations de combat de l'état-major de l'armée des États-Unis.

GUÉRIN, Hubert, ambassadeur de la France.

GUTT, Camille, président du conseil d'administration et directeur général du Fonds Monétaire International.

HARRIMAN, W. Averill, représentant spécial en Europe de l'Administration de coopération économique des États-Unis (-juin); adjoint spécial du président des États-Unis.

HARRINGTON, Julian F., ministre, ambassade des États-Unis.

HARRIS, W.E., ministre de la Citoyenneté et de l'Immigration.

HARVEY, Denis, directeur, Direction des importations de la Direction générale des produits, ministère du Commerce (-sept.); directeur, Direction générale des produits, ministère du Commerce.

GARNER, J.J.S., Assistant Under-Secretary of State, Commonwealth Relations Office of United Kingdom.

GEORGE, James, Defence Liaison Division.

GILL, Evan W.T., Secretary, Cabinet Defence Committee (-Mar.); Counsellor, High Commission in United Kingdom, and Alternate Representative to North Atlantic Defence Production Board (London).

GORDON, Lincoln, economic adviser to Special Assistant to President of United States.

GORDON-WALKER, Patrick C., Parliamentary Under-Secretary for Commonwealth Relations of United Kingdom (-Feb.); Secretary of State for Commonwealth Relations.

GRAFSTRÖM, Sven, Alternate Representative of Sweden to United Nations.

GRANDE, George K., adviser and Secretary to Permanent Delegation to United Nations (-Aug.); United Nations and Legal Divisions.

GRAY, Gordon, Secretary of Army of United States (-Mar./Apr.); Special Assistant to President of United States (-Aug.).

GROMYKO, Andrei A., First Deputy Minister of Foreign Affairs of Soviet Union.

GROSS, Ernest A., Deputy Representative of United States to United Nations.

GRUENTHER, Lieutenant-General Alfred M., Deputy Chief of Staff for Plans and Combat Operations, Army General Staff of United States.

GUÉRIN, Hubert, Ambassador of France.

GUTT, Camille, Chairman of the Board and Managing Director, I.M.F.

HARRIMAN, W. Averill, Special Representative in Europe of E.C.A. of United States (-Jun.); Special Assistant to President of United States.

HARRINGTON, Julian F., Minister, Embassy of United States.

HARRIS, W.E., Minister of Citizenship and Immigration.

HARVEY, Denis, Director, Import Division of Commodities Branch, Department of Trade and Commerce (-Sept.); Director, Commodities Branch, Department of Trade and Commerce.

HEENEY, A.D.P., sous-secrétaire d'État aux Affaires extérieures.

HENDERSON, Loy W., ambassadeur des États-Unis en Inde.

HICKERSON, John D., secrétaire d'État adjoint des États-Unis auprès des affaires Nations Unies.

HO CHI MINH, président, gouvernement provisoire de la République démocratique du Viêt-nam.

HOFFMAN, Paul G., administrateur, Administration de la coopération économique des États-Unis.

HOLMES, John W., délégué permanent par intérim auprès des Nations Unies (jan.-août.), chef, Direction des Nations Unies.

HOWARD, Hubert E., président, United States Munitions Board.

HOWE, Clarence D., ministre du Commerce.

HOYER Millar. Voir Millar, sir F.R. Derek Hoyer.

IGNATIEFF, George, conseiller, ambassade aux États-Unis.

IKRAMULLAH, Mohammed, secrétaire aux Affaires étrangères du Pakistan.

ISBISTER, Claude, directeur, Direction générale des relations commerciales internationales, ministère du Commerce.

JAMALI, Mohammed Fadhil, représentant de l'Iraq auprès des Nations Unies.

JAYAWARDENE, Junius R., ministre des Finances de Ceylan.

JEBB, sir H.M. Gladwyn, sous-secrétaire d'État adjoint (affaires politiques), Foreign Office du Royaume-Uni (-juil.); représentant permanent du Royaume-Uni auprès des Nations Unies.

JESSUP, Philip C., ambassadeur itinérant des États-Unis; membre par intérim, délégation des États-Unis auprès de l'Assemblée générale des Nations Unies.

JOHNSON, Louis, secrétaire à la Défense des États-Unis (-sept.).

JORDAAN, J.R., représentant suppléant de l'Afrique du Sud auprès des Nations Unies.

HEENEY, A.D.P., Under-Secretary of State for External Affairs.

HENDERSON, Loy W., Ambassador of United States in India.

HICKERSON, John D., Assistant Secretary of State for United Nations Affairs of United States.

HO CHI MINH, President, Provisional Government of Vietnam Democratic Republic.

HOFFMAN, Paul G., Administrator, E.C.A. of United States.

HOLMES, John W., Acting Permanent Delegate to United Nations (Jan.-Aug.), Head, United Nations Division.

HOWARD, Hubert E., Chairman, United States Munitions Board.

HOWE, Clarence D., Minister of Trade and Commerce.

HOYER Millar. See Millar, Sir F.R. Derek Hoyer.

IGNATIEFF, George, Counsellor, Embassy in United States.

IKRAMULLAH, Mohammed, Foreign Secretary of Pakistan.

ISBISTER, Claude, Director, International Trade Relations Branch, Department of Trade and Commerce.

JAMALI, Mohammed Fadhil, Representative of Iraq to United Nations.

JAYAWARDENE, Junius R., Minister of Finance of Ceylon.

JEBB, Sir H.M. Gladwyn, Deputy Under-Secretary of State (Political), Foreign Office of United Kingdom (-Jul.); Permanent Representative of United Kingdom to United Nations.

JESSUP, Philip C., Ambassador-at-Large of United States; Acting Member, Delegation of United States to General Assembly of United Nations.

JOHNSON, Louis, Secretary of Defense of United States (-Sept.).

JORDAAN, J.R., Alternate Representative of South Africa to United Nations.

KATZ, Milton, représentant spécial en Europe, Administration de la coopération économique des États-Unis et représentant des États-Unis auprès du Comité des finances et de l'économie de la défense de l'Atlantique Nord (juin-).

KATZ, Milton, Special Representative in Europe, E.C.A. of United States and Representative of United States to D.F.E.C. (Jun.-).

KATZIN, colonel Alfred G., représentant spécial du secrétaire général des Nations Unies en Corée.

KATZIN, Colonel Alfred G., Special Representative of Secretary-General of United Nations in Korea.

KAUFFMAN, Henrik L.H., ambassadeur du Danemark aux États-Unis.

KAUFFMAN, Henrik L.H., Ambassador of Denmark in United States.

KEITH, Robert M., secrétaire aux Finances, ambassade aux États-Unis.

KEITH, Robert M., Financial Secretary, Embassy in United States.

KENNAN, George F., directeur, planification des politiques, Département d'État des États-Unis.

KENNAN, George F., Director, Policy Planning Staff, Department of State of United States.

KHAN, Liaquat Ali, premier ministre et ministre de la Défense du Pakistan.

KHAN, Liaquat Ali, Prime Minister and Minister of National Defence of Pakistan.

KIDD, George P., deuxième secrétaire, ambassade en France.

KIDD, George P., Second Secretary, Embassy in France.

KIM-IL SUNG, premier ministre de la République populaire démocratique de Corée, commandant suprême de l'Armée populaire de Corée.

KIM-IL SUNG, Premier of Democratic People's Republic of Korea, and Supreme Commander, Korean People's Army.

KINGSLEY, J. Donald, directeur général de l'Organisation internationale pour les réfugiés.

KINGSLEY, J. Donald, Director-General of I.R.O.

LABOUISSE, H.R., coordonnateur de l'aide à l'étranger, Département d'État des États-Unis.

LABOUISSE, H.R., Coordinator of Foreign Aid and Assistance, Department of State of United States.

LACOSTE, Francis, représentant suppléant des États-Unis au Conseil de sécurité.

LACOSTE, Francis, Alternate Representative of United States on Security Council.

LANGE, Halvard M., ministre des Affaires étrangères de Norvège.

LANGE, Halvard M., Minister of Foreign Affairs of Norway.

LAPOINTE, Hugues, solliciteur général; ministre des Anciens combattants et vice-président, délégation à l'Assemblée Générale des Nations Unies.

LAPOINTE, Hugues, Solicitor General; Minister of Veterans Affairs, and Vice Chairman, Delegation, General Assembly of United Nations.

LASKEY, Denis S., premier secrétaire, délégation du Royaume-Uni aux Nations Unies.

LASKEY, Denis S., First Secretary, Delegation of United Kingdom to United Nations.

LAUREYS, Dr Jean-François Léon Henry, ministre en Danemark (-août).

LAUREYS, Dr. Jean-François Léon Henry, Minister in Denmark (-Aug.).

LÉGER, Jules, chef, Direction des affaires européennes (août-).

LÉGER, Jules, Head, European Division (Aug.-).

LEMNITZER, général Lyman L., directeur, Bureau de l'aide militaire du bureau du secrétaire à la Défense des États-Unis.

LEMNITZER, General Lyman L., Director, Office of Military Assistance in Office of Secretary of Defense of United States.

LEPAN, Douglas V., Direction des Nations Unies (-août); adjoint spécial du secrétaire d'État aux Affaires extérieures.

LEPAN, Douglas V., United Nations Division (-Aug.); Special Assistant to Secretary of State for External Affairs.

LIAQUAT. Voir Khan, Liaquat Ali.

LIAQUAT. See Khan, Liaquat Ali.

LIE, Trygve, secrétaire général des Nations Unies.

LIPPMAN, Walter, correspondent diplomatique, *New York Herald Tribune*.

LODGE, sénateur Henry Cabot, jr. (républicain), Massachusetts, représentant des États-Unis auprès de l'Assemblée générale des Nations Unies.

LOVETT, Robert A., secrétaire adjoint à la Défense des États-Unis.

MACARTHUR, général d'armée Douglas, commandant des Forces des États-Unis, Extrême-Orient, commandant des Forces des Nations Unies en Corée.

MACARTHUR II, Douglas, directeur suppléant, Bureau des affaires régionales de l'Europe, Département d'État des États-Unis(-fév.); conseiller à Paris et conseiller en affaires internationales auprès du commandant suprême des Forces alliées en Europe de l'Organisation du Traité de l'Atlantique Nord.

MACCALLUM, Elizabeth P., conseillère, Délégation à l'Assemblée générale des Nations Unies.

MACDERMOT, T.W.L., chef, Direction des affaires européennes (-août); haut-commissaire en Afrique du Sud.

MACDONALD, Malcolm J., commissaire général du Royaume-Uni en Asie du Sud-Est.

MACDONNELL, R.M., ministre en France (fév.-).

MACKAY, R.A., chef, Direction de la liaison avec la Défense.

MACKENZIE, M.W., sous-ministre du Commerce.

MACPHERSON, Marion A., Directions des Nations Unies, des affaires européennes et des affaires économiques (-oct.); troisième secrétaire, ambassade aux États-Unis.

MAFFITT, Edward P., membre, délégation des États-Unis aux Nations Unies.

MAGANN, George L., ambassadeur en Grèce.

MAJOR, T.G., délégué commercial à Trinité.

MAKINS, sir Roger M., sous-secrétaire d'État adjoint, Foreign Office du Royaume-Uni.

MALIK, Y.A., sous-ministre des Affaires étrangères de l'Union soviétique, représentant permanent, délégation de l'Union soviétique à l'Assemblée générale des Nations Unies.

MANION, James P., secrétaire commercial, ambassade en France.

LIE, Trygve, Secretary-General of United Nations.

LIPPMAN, Walter, Diplomatic Correspondent, *New York Herald Tribune*.

LODGE Jr., Senator Henry Cabot (Republican), Massachusetts, Representative of United States to General Assembly of United Nations.

LOVETT, Robert A., Deputy Secretary of Defense of United States.

MACARTHUR, General of the Army Douglas, Commander of United States Forces, Far Eastern Command, and Commander of United Nations Forces in Korea.

MACARTHUR II, Douglas, Deputy Director, Office of European Regional Affairs, Department of State of United States (-Feb.); Counsellor in Paris and Adviser on International Affairs to Supreme Allied Commander in Europe, N.A.T.O.

MACCALLUM, Elizabeth P., adviser to Delegation to General Assembly of United Nations.

MACDERMOT, T.W.L., Head, European Division (-Aug.); High Commissioner in South Africa.

MACDONALD, Malcolm J., Commissioner-General for United Kingdom in South-East Asia.

MACDONNELL, R.M., Minister in France (Feb.-).

MACKAY, R.A., Head, Defence Liaison Division.

MACKENZIE, M.W., Deputy Minister of Trade and Commerce.

MACPHERSON, Marion A., United Nations, European, and Economic Divisions (-Oct.); Third Secretary, Embassy in United States.

MAFFITT, Edward P., Member, Delegation of United States to United Nations.

MAGANN, George L., Ambassador in Greece.

MAJOR, T.G., Trade Commissioner in Trinidad.

MAKINS, Sir Roger M., Deputy Under-Secretary of State, Foreign Office of United Kingdom.

MALIK, Y.A., Deputy Minister of Foreign Affairs of Soviet Union, and Permanent Representative, Delegation of Soviet Union to General Assembly of United Nations.

MANION, James P., Commercial Secretary, Embassy in France.

MAO Tse Toung, président, Parti communiste de la République populaire de Chine.

MARSHALL, George C., secrétaire à la Défense des États-Unis (septembre-).

MARTIN, Paul, ministre de la Santé nationale et du Bien-être social.

MATTHEWS, Wilmot D., ministre, ambassade aux États-Unis.

MATHIEU, colonel J.E.G. Paul, sous-ministre associé à la Défense nationale.

MAYHEW, Robert, ministre des Pêcheries.

MAYRAND, Léon, sous-secrétaire d'État adjoint aux Affaires extérieures et membre de la délégation auprès de l'Assemblée générale des Nations Unies.

MCCORDICK, John A., Direction des affaires européennes; conseiller en matière de politique au Service international de Radio-Canada (fév.-août).

MCGHEE, George C., secrétaire d'État adjoint aux affaires du Proche-Orient, de l'Asie du Sud et de l'Afrique, Département d'État des États-Unis.

MCKINNON, H.B., président, Commission du tarif.

MCMAHON, sénateur Brien, (démocrate), Connecticut, et président, Comité mixte du Congrès sur l'énergie atomique.

MCNAMARA, W.C., commissaire en chef adjoint, Commission canadienne du blé.

MCNAUGHTON, général A.G.L., délégué permanent à l'Assemblée générale des Nations Unies (-jan.); président, section canadienne, Commission mixte internationale.

MEASURES, W.H., chef, Direction du protocol.

MENON, K.P.S., secrétaire, ministère des Affaires extérieures et des Relations du Commonwealth de l'Inde.

MENON, V.K. Krishna, haut-commissaire de l'Inde au Royaume-Uni et représentant personnel du premier ministre de l'Inde.

MENZIES, Arthur, chef, Direction des Amériques et de l'Extrême-Orient (-nov.); chef, mission de liaison du Canada auprès du commandant suprême, Forces alliées, Japon.

MENZIES, Robert G., premier ministre de l'Australie.

MAO Tse Tung, Chairman, Communist Party of People's Republic of China.

MARSHALL, George C., Secretary of Defense of United States (Sept.-).

MARTIN, Paul, Minister of National Health and Welfare.

MATTHEWS, Wilmot D., Minister, Embassy in United States.

MATHIEU, Colonel J.E.G. Paul, Associate Deputy Minister of National Defence.

MAYHEW, Robert, Minister of Fisheries.

MAYRAND, Léon, Assistant Under-Secretary of State for External Affairs, and Member, Delegation to General Assembly of United Nations.

MCCORDICK, John A., European Division; policy adviser to C.B.C.(I.S.) (Feb.-Aug.).

MCGHEE, George C., Assistant Secretary of State for Near Eastern, South Asian and African Affairs, Department of State of United States.

MCKINNON, H.B., Chairman, Canadian Tariff Board.

MCMAHON, Senator Brien, (Democrat), Connecticut, and Chairman, Joint Congressional Committee on Atomic Energy.

MCNAMARA, W.C., Assistant Chief Commissioner, Canadian Wheat Board.

MCNAUGHTON, General A.G.L., Permanent Delegate to General Assembly of United Nations (-Jan.); Chairman, Canadian Section, International Joint Commission.

MEASURES, W.H., Head, Protocol Division.

MENON, K.P.S., Secretary, Ministry of External Affairs and Commonwealth Relations of India.

MENON, V.K. Krishna, High Commissioner of India in United Kingdom, and Personal Representative of Prime Minister of India.

MENZIES, Arthur, Head, American and Far Eastern Division (-Nov.); Head, Liaison Mission to S.C.A.P.

MENZIES, Robert G., Prime Minister of Australia.

MILLAR, sir F.R. Derek Hoyer, ministre de l'ambassade du Royaume-Uni aux États-Unis (-oct.); sous-secrétaire suppléant du Foreign Office et délégué du Royaume-Uni auprès du Conseil de l'Atlantique Nord.

MILLAR, Sir F.R. Derek Hoyer, Minister, Embassy of United Kingdom in United States (-Oct.); Deputy Under-Secretary of Foreign Office and Deputy of United Kingdom to North Atlantic Council.

MILLER, vice-maréchal de l'air F.R., membre des Opérations et de L'Entraînement aériens, Aviation royale du Canada.

MILLER, A/V/M F.R., Air Member Operations and Training, R.C.A.F.

MOCH, Jules, ministre de la Défense de la France.

MOCH, Jules, Minister of Defence of France.

MOLSON, Percival T., deuxième secrétaire, mission militaire du Canada auprès de la Commission de contrôle des Alliés en Allemagne et mission du Canada auprès de la Haute Commission interalliée en Allemagne (-avril); Direction des affaires européennes.

MOLSON, Percival T., Second Secretary, Canadian Military Mission to Allied Control Commission in Germany, and Canadian Mission to Allied High Commission in Germany (-Apr.); European Division.

MORAN, Herbert O., sous-secrétaire d'État adjoint aux Affaires extérieures.

MORAN, Herbert O., Assistant Under-Secretary of State for External Affairs.

MUNIZ, João Carlos, représentant du Brésil auprès de l'Assemblée générale des Nations Unies.

MUNIZ, João Carlos, Representative of Brazil to General Assembly of United Nations.

MURRAY, J.R., deuxième secrétaire, ambassade aux États-Unis.

MURRAY, J.R., Second Secretary, Embassy in United States.

NASH, Frank C., représentant adjoint des États-Unis à la Commission des armes classiques des Nations Unies.

NASH, Frank C., Deputy Representative of United States on Commission for Conventional Armaments of United Nations.

NEHRU, Pandit Jawaharlal, premier ministre et ministre des Affaires extérieures et des Relations du Commonwealth de l'Inde.

NEHRU, Pandit Jawaharlal, Prime Minister and Minister for External Affairs and Commonwealth Relations of India.

NERVO, Luis Padilla, représentant du Mexique à l'Assemblée générale des Nations Unies.

NERVO, Luis Padilla, Representative of Mexico to General Assembly of United Nations.

NEWMAN, Gerald A., directeur, Direction des exportations, ministère du Commerce.

NEWMAN, Gerald A., Director, Export Division, Department of Trade and Commerce.

NOEL-BAKER, Philip J., secrétaire d'État aux Relations du Commonwealth du Royaume-Uni (-fév.).

NOEL-BAKER, Philip J., Secretary of State for Commonwealth Relations of United Kingdom (-Feb.).

NORMAN, E. Herbert, chef, mission de liaison auprès du commandant suprême des Forces alliées, Japon (-oct.); chef, Direction des Amériques et de l'Extrême-Orient (déc.).

NORMAN, E. Herbert, Head, Liaison Mission to S.C.A.P. (-Oct.); Head, American and Far Eastern Division (Dec.-).

NOYES, Charles P., représentant adjoint des États-Unis au Comité intérimaire de l'Assemblée générale des Nations Unies.

NOYES, Charles P., Deputy Representative of United States to Interim Committee of General Assembly of United Nations.

OFFICER, sir Keith, représentant de l'Australie auprès des Nations Unies.

OFFICER, Sir Keith, Representative of Australia to United Nations.

PANIKKAR, Kavalam Madhava, ambassadeur de l'Inde en République populaire de Chine.

PANIKKAR, Kavalam Madhava, Ambassador of India in People's Republic of China.

PARODI, Alexandre, secrétaire général, ministère des Affaires étrangères de France.

PARODI, Alexandre, Secretary-General, Ministry of Foreign Affairs of France.

PEARSON, Lester B., secrétaire d'État aux Affaires extérieures et chef de la délégation à l'Assemblée générale des Nations Unies.

PELLA, Giuseppe, ministre du Trésor et du Budget de l'Italie.

PELT, Adrian, commissaire des Nations Unies en Libye.

PERKINS, George W., secrétaire d'État adjoint aux Affaires européennes des États-Unis.

PERRY, J. Harvey, conseiller du ministre des Finances.

PETSCHE, Maurice, ministre des Finances de France.

PIERCE, Sydney D., sous-ministre associé du Commerce (-août); représentant auprès de l'Organisation européenne de coopération économique.

PLEVEN, René, ministre de la Défense de la France (-juil.); premier ministre de France.

PLUMPTRE, A.F. Wynne, chef, Direction des affaires économiques.

POLLOCK, Sydney, Direction des relations économiques internationales, ministère des Finances.

POPE, lieutenant-général Maurice A., chef, mission du Canada auprès de la Haute Commission interalliée en Allemagne (-juin); ambassadeur en Belgique.

RASMINSKY, Louis, adjoint exécutif du gouverneur de la Banque du Canada, président suppléant de la Commission de contrôle des changes fédéraux.

RASMUSSEN, Gustav, ministre des Affaires étrangères du Danemark et président de la délégation du Danemark auprès de l'Assemblée générale des Nations Unies.

RAU, sir Benegal N., représentant permanent de l'Inde auprès des Nations Unies.

RAYNOR, G. Hayden, directeur, Bureau des affaires du Commonwealth britannique et de l'Europe du Nord, Département d'État des États-Unis.

REID, Escott, sous-secrétaire d'État suppléant aux Affaires extérieures.

RESTON, James « Scotty », correspondent diplomatique du *New York Times*.

RHEE, Syngman, président de la République de Corée.

PEARSON, Lester B., Secretary of State for External Affairs, and Chairman, Delegation to General Assembly of United Nations.

PELLA, Giuseppe, Minister of Treasury and Budget of Italy.

PELT, Adrian, U.N. Commissioner for Libya.

PERKINS, George W., Assistant Secretary of State for European Affairs of United States.

PERRY, J. Harvey, adviser to Minister of Finance.

PETSCHE, Maurice, Minister of Finance of France.

PIERCE, Sydney D., Associate Deputy Minister of Trade and Commerce (-Aug.); Representative to O.E.E.C.

PLEVEN, René, Minister of National Defence of France (-Jul.); Prime Minister of France.

PLUMPTRE, A.F. Wynne, Head, Economic Division.

POLLOCK, Sydney, International Economic Relations Division, Department of Finance.

POPE, Lieutenant-General Maurice A., Head of Canadian Mission to Allied High Commission, Germany (-Jun.); Ambassador in Belgium.

RASMINSKY, Louis, Executive Assistant to Governor of Bank of Canada, and Alternate Chairman of Federal Exchange Control Board.

RASMUSSEN, Gustav, Minister for Foreign Affairs of Denmark, and Chairman, Delegation of Denmark to General Assembly of United Nations.

RAU, Sir Benegal N., Permanent Representative of India to United Nations.

RAYNOR, G. Hayden, Director, Office of British Commonwealth and Northern European Affairs, Department of State of United States.

REID, Escott, Deputy Under-Secretary of State for External Affairs.

RESTON, James "Scotty", Diplomatic Correspondent of *New York Times*.

RHEE, Syngman, President of Republic of Korea.

RIDDELL, R. Gerald, représentant suppléant auprès des Nations Unies, et adjoint spécial du Secrétaire d'État aux Affaires extérieures (-août); représentant permanent auprès des Nations Unies.

RIDDELL, R. Gerald, Alternate Representative to United Nations, and Special Assistant to SSEA (-Aug.); Permanent Representative to United Nations.

RITCHIE, Charles S.A., sous-secrétaire d'État adjoint aux Affaires extérieures.

RITCHIE, Charles S.A., Assistant Under-Secretary of State for External Affairs.

RITCHIE, Albert Edgar, premier secrétaire, haut-commissariat au Royaume-Uni.

RITCHIE, Albert Edgar, First Secretary, High Commission in United Kingdom.

ROBERTSON, général sir Brian H., haut-commissaire du Royaume-Uni auprès de la Haute Commission interalliée en Allemagne (-juin).

ROBERTSON, General Sir Brian H., High Commissioner of United Kingdom to Allied High Commission for Germany (-Jun.).

ROBERTSON, lt.-gén. sir H.C., commandant en chef de la B.C.O.F. au Japon.

ROBERTSON, Lt. Gen. Sir H.C., Commander-in-Chief, B.C.O.F. in Japan.

ROBERTSON, Norman A., greffier du Conseil privé, et secrétaire au Cabinet.

ROBERTSON, Norman A., Clerk of Privy Council, and Secretary to Cabinet.

ROBINSON, H. Basil, Direction des Nations Unies.

ROBINSON, H. Basil, United Nations Division.

ROGERS, R.L., troisième secrétaire, ambassade aux États-Unis.

ROGERS, R.L., Third Secretary, Embassy in United States.

RÓMULU, brigadier Carlos P., représentant des Philippines auprès de l'Assemblée générale des Nations Unies.

RÓMULU, Brigadier Carlos P., Representative of Philippines to General Assembly of United Nations.

RONNING, Chester A., chargé d'affaires a.i., République de Chine (Nankin).

RONNING, Chester A., Chargé d'Affaires a.i., Republic of China (Nanking).

ROSS, John C., représentant suppléant des États-Unis auprès de l'Assemblée générale des Nations Unies.

ROSS, John C., Alternate Representative of United States to General Assembly of United Nations.

RUCKER, sir Arthur, directeur général suppléant de l'Organisation internationale pour les réfugiés.

RUCKER, Sir Arthur, Deputy Director-General of I.R.O.

RUSK, Dean, sous-secrétaire d'État suppléant des États-Unis (-mars); secrétaire d'État adjoint aux Affaires de l'Extrême-Orient.

RUSK, Dean, Deputy Under-Secretary of State of United States (-Mar.); Assistant Secretary of State for Far Eastern Affairs.

SAINT-LAURENT, Louis, premier ministre.

ST. LAURENT, Louis, Prime Minister.

SATTERTHWAITE, Livington L., directeur suppléant, Bureau des affaires du Commonwealth britannique et de l'Europe du Nord, Département d'État des États-Unis.

SATTERTHWAITE, Livington L., Deputy Director, Office of British Commonwealth and Northern European Affairs, Department of State of United States.

SAWYER, Charles, secrétaire du Commerce des États-Unis.

SAWYER, Charles, Secretary of Commerce of United States.

SCHUMAN, Robert, ministre des Affaires étrangères de France.

SCHUMAN, Robert, Minister of Foreign Affairs of France.

SÉLASSIÉ, Hailé, empereur d'Éthiopie.

SELASSIE, Haile, Emperor of Ethiopia.

SFORZA, comte Carlo, ministre des Affaires étrangères de l'Italie.

SFORZA, Count Carlo, Minister of Foreign Affairs of Italy.

SHANN, K.C.O., représentant suppléant de la délégation d'Australie à l'Assemblée générale des Nations Unies.

SHANN, K.C.O., Alternate Representative of Delegation of Australia to General Assembly of United Nations.

SHANNON, G.E.B., haut-commissaire suppléant du Royaume-Uni.

SHINWELL, Emmanuel, secrétaire d'État à la guerre du Royaume-Uni (-fév.); ministre de la Défense.

SHUCKBURGH, Charles A.E., chef, département des affaires occidentales du Foreign Office du Royaume-Uni; chef, department des Organisations occidentales du Foreign Office.

SINCLAIR, D.B., adjoint exécutif du sous-ministre du Bien-être social.

SMITH, C.E.S., directeur de l'Immigration du ministère de la Citoyenneté et de l'Immigration.

SMITH, sir Henry Wilson, deuxième secrétaire, Trésor du Royaume-Uni.

SMITH, I. Norman, président et rédacteur en chef associé du *Ottawa Journal*.

SNOW, William P., chef, Direction des Affaires du Commonwealth britannique, Département d'État des États-Unis.

SNYDER, John W., secrétaire du Trésor des États-Unis.

SOLANDT, Dr O.M., président, Conseil de recherches pour la défense.

SPENDER, sir Percy C., ministre des Affaires extérieures de l'Australie et président de la délégation de l'Australie auprès de l'Assemblée générale des Nations Unies, vice-président de l'Assemblée générale.

SPOFFORD, Charles M., délégué des États-Unis auprès du Conseil de l'Atlantique Nord; président, Conseil des délégués du Conseil de l'Atlantique Nord.

STAFFORD, Frank E., Délégation du Royaume-Uni aux Nations Unies.

STALINE, généralissime (et maréchal de l'Union soviétique) Joseph V., président, Conseil des ministres de l'Union soviétique et secrétaire général du Parti communiste de l'Union soviétique.

STARKENBORGH. Voir Tjarda van Starkenborgh Stachouwer, Alidius.

DI STEFANO, Mario, ambassadeur de l'Italie.

STEINHARDT, Laurence A., ambassadeur des États-Unis (-mars).

SHANNON, G.E.B., Deputy High Commissioner of United Kingdom.

SHINWELL, Emmanuel, Secretary of State for War, United Kingdom (-Feb.); Minister of Defence.

SHUCKBURGH, Charles A.E., Head, Western Department of Foreign Office of United Kingdom; Head, Western Organizations Department of Foreign Office.

SINCLAIR, D.B., Executive Assistant to Deputy Minister of National Welfare.

SMITH, C.E.S., Director of Immigration, Department of Citizenship and Immigration.

SMITH, Sir Henry Wilson, Second Secretary, Treasury of United Kingdom.

SMITH, I. Norman, President and Associate Editor of *Ottawa Journal*.

SNOW, William P., Chief, British Commonwealth Affairs Division, Department of State of United States.

SNYDER, John W., Secretary of Treasury of United States.

SOLANDT, Dr. O.M., Chairman, Defence Research Board.

SPENDER, Sir Percy C., Minister of External Affairs of Australia, and Chairman, Delegation of Australia to General Assembly of United Nations, and Vice-President of General Assembly.

SPOFFORD, Charles M., Deputy of United States to North Atlantic Council; Chairman, Council of Deputies of North Atlantic Council.

STAFFORD, Frank E., Delegation of United Kingdom to United Nations.

STALIN, Generalissimo (and Marshal of Soviet Union) Joseph V., Chairman, Council of Ministers of Soviet Union and General Secretary of Communist Party of Soviet Union.

STARKENBORGH. See Tjarda van Starkenborgh Stachouwer, Alidius.

DI STEFANO, Mario, Ambassador of Italy.

STEINHARDT, Laurence A., Ambassador of United States (-Mar.).

STIKKER, Dr Dirk U., ministre des Affaires étrangères des Pays-Bas, représentant des Pays-Bas auprès de l'Assemblée générale des Nations Unies, représentant auprès de l'Organisation européenne de coopération économique.

STIKKER, Dr. Dirk U., Minister of Foreign Affairs of Netherlands, and Representative of Netherlands to General Assembly of United Nations, and Representative to OEEC.

STONE, Thomas A., ministre en Suède et Finlande.

STONE, Thomas A., Minister in Sweden and Finland.

STONER, Oliver G., Direction des affaires économiques (-sept.); deuxième secrétaire, ambassade en France.

STONER, Oliver G., Economic Division (-Sept.); Second Secretary, Embassy in France.

SUNDE, Major Arne, représentant de la Norvège auprès des Nations Unies.

SUNDE, Major Arne, Representative of Norway to United Nations.

SYMINGTON, W. Stuart., secrétaire de l'armée de l'air des États-Unis (-avr.); président de la Commission des ressources nécessaires à la sécurité nationale.

SYMINGTON, W. Stuart., Secretary of U.S.A.F. (-Apr.); Chairman, N.S.R.B.

TASCA, Henry J., adjoint spécial du représentant spécial des États-Unis en Europe à Paris.

TASCA, Henry J., Special Assistant to Special Representative of United States in Europe at Paris.

THORP, Willard L., secrétaire d'État adjoint aux Affaires économiques des États-Unis et coordonnateur, Programme pour le relèvement de l'Europe.

THORP, Willard L., Assistant Secretary of State for Economic Affairs of United States and Coordinator, European Recovery Programme.

THURROTT, Jack H., deuxième secrétaire, ambassade en Belgique (-mai); Direction des affaires économiques.

THURROTT, Jack H., Second Secretary, Embassy to Belgium (-May); Economic Division.

TITO, maréchal Josip Broz, premier ministre et ministre de la défense de Yougoslavie.

TITO, Marshall Josip Broz, Prime Minister and Minister of National Defence of Yugoslavia.

TJARDA VAN STARKENBORGH STACHOUWER, Alidius, délégué des Pays-Bas auprès du Conseil de l'Atlantique Nord.

TJARDA VAN STARKENBORGH STACHOUWER, Alidius, Deputy of Netherlands to North Atlantic Council.

TOWE, P.M., troisième secrétaire, ambassade aux États-Unis.

TOWE, P.M., Third Secretary, Embassy in United States.

TOWERS, Graham F., gouverneur de la Banque du Canada.

TOWERS, Graham F., Governor, Bank of Canada.

TRUMAN, Harry S., président des États-Unis.

TRUMAN, Harry S., President of United States.

TSIANG, Tingfu F., représentant de la République de Chine auprès de l'Assemblée générale des Nations Unies.

TSIANG, Tingfu F., Representative of Republic of China to General Assembly of United Nations.

VAILLENCOURT, Joseph Jacques Janvier Émile, ministre en Yougoslavie (-jan.); ambassadeur au Pérou.

VAILLENCOURT, Joseph Jacques Janvier Émile, Minister in Yugoslavia (-Jan.); Ambassador in Peru.

VANIER, Georges P., ambassadeur en France.

VANIER, Georges P., Ambassador in France.

VASS, Laurence C., Bureau des Affaires régionales européennes du Département d'État des États-Unis.

VASS, Laurence C., Office of European Regional Affairs of Department of State of United States.

VERNON, Raymond, Direction de la politique commerciale, Département d'État des États-Unis.

VERNON, Raymond, Commercial Policy Division, Department of State of United States.

VYCHINSKY, Andrei Y., ministre des Affaires étrangères de l'Union soviétique, président, délégation de l'Union soviétique auprès de l'Assemblée générale des Nations Unies.

WARREN, J.H., deuxième secrétaire, haut-commissariat au Royaume-Uni.

WATKINS, J.B.C., chargé d'affaires a.i. en l'Union soviétique.

WEBB, J.E., sous-secrétaire d'État des États-Unis.

WILGRESS, L. Dana, haut-commissaire au Royaume-Uni; délégué auprès du Conseil de l'Atlantique Nord (juil.-).

WILLOUGHBY, Woodbury, conseiller aux affaires économiques, ambassade des États-Unis.

WILSON, Harold, président du ministère du Commerce du Royaume-Uni.

WOODWARD, Stanley, ambassadeur des États-Unis (juin-).

WRONG, H. Hume, ambassadeur aux États-Unis.

WU, général Hsiu-chuan, chef du département des affaires soviétiques et de l'Europe de l'Est du ministère des Affaires étrangères de la République populaire de Chine, chef de la délégation représentant le gouvernement de la République populaire de Chine au Conseil de sécurité.

YOUNGER, Kenneth G., ministre d'État du Foreign Office du Royaume-Uni (mars-), membre, délégation du Royaume-Uni aux Nations Unies.

VAN ZEELAND, Paul, ministre des Affaires étrangères et du Commerce étranger de la Belgique.

ZINCHENKO, Constantin E., secrétaire général adjoint, Département des affaires du Conseil de sécurité des Nations Unies.

VISHINSKY, Andrei Y., Minister of Foreign Affairs of Soviet Union, and Chairman, Delegation of Soviet Union to General Assembly of United Nations.

WARREN, J.H., Second Secretary, High Commission in United Kingdom.

WATKINS, J.B.C., Chargé d'Affaires a.i. in Soviet Union.

WEBB, J.E., Under-Secretary of State of United States.

WILGRESS, L. Dana, High Commissioner in United Kingdom; Deputy to North Atlantic Council (Jul.-).

WILLOUGHBY, Woodbury, Counsellor for Economic Affairs, Embassy of United States

WILSON, Harold, President, Board of Trade of United Kingdom.

WOODWARD, Stanley, Ambassador of United States (June-).

WRONG, H. Hume, Ambassador to United States.

WU, General Hsiu-chuan, Head of Soviet and Eastern European Department of Foreign Ministry of People's Republic of China, and Head of Delegation representing Central People's Government of People's Republic of China to Security Council.

YOUNGER, Kenneth G., Minister of State of Foreign Office of United Kingdom (Mar.-), and Member, Delegation of United Kingdom to United Nations.

VAN ZEELAND, Paul, Minister of Foreign Affairs and Foreign Trade of Belgium.

ZINCHENKO, Constantin E., Assistant Secretary-General, Department of Security Council Affairs of United Nations.

ILLUSTRATIONS

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PL-48370

Secretary of State for External Affairs Lester B. Pearson waves farewell as his "North Star" prepares to leave R.C.A.F. Station Rockcliffe for the Commonwealth Foreign Ministers' Conference, 2 January 1950.

Le secrétaire d'État aux Affaires extérieures, M. Lester B. Pearson, au moment où il quitte l'aéroport de l'ARC à Rockcliffe à bord du North Star pour la Conférence des ministres des Affaires étrangères du Commonwealth, le 2 janvier 1950.



PL-48424

Secretary of State for External Affairs Lester B. Pearson addresses the final session of the Commonwealth Foreign Ministers' Conference, 14 January 1950.

Le secrétaire d'État aux Affaires extérieures, M. Lester B. Pearson, prononce un discours lors de la séance de clôture de la Conférence des ministres des Affaires étrangères du Commonwealth, le 14 janvier 1950.

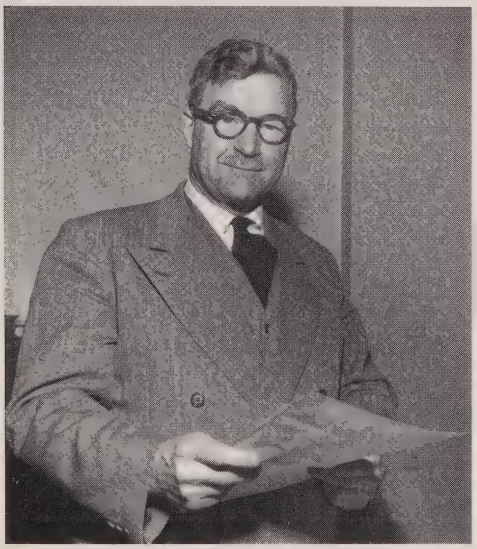


UN 30123

In the delegates' lounge before a meeting of the Tenth Session of the United Nations Economic and Social Council are, l to r: Dr. George Davidson, Deputy Minister of Welfare and Alternate Representative; Raymond Eudes, M.P., Representative; Hernan Santa Cruz, Permanent Representative of Chile to the U.N. and President of the Tenth Session of the Council; S.D. Pierce, Associate Deputy Minister of Trade and Commerce, Alternate Representative; and John Holmes, Acting Permanent Delegate to U.N. Lake Success, New York, February 8, 1950.

UN Photo/ONU Photo

Dans le salon des délégués avant une réunion de la dixième session du Conseil économique et social des Nations unies, de g. à dr. : M. George Davidson, sous-ministre du Bien-être social et représentant suppléant; M. Raymond Eudes, député, représentant; M. Hernan Santa Cruz, représentant permanent du Chili à l'ONU et président de la dixième session du Conseil; M. S.D. Pierce, sous-ministre délégué du Commerce, représentant suppléant; M. John Holmes, délégué permanent par intérim auprès des Nations unies. Lake Success, New York, le 8 février 1950.

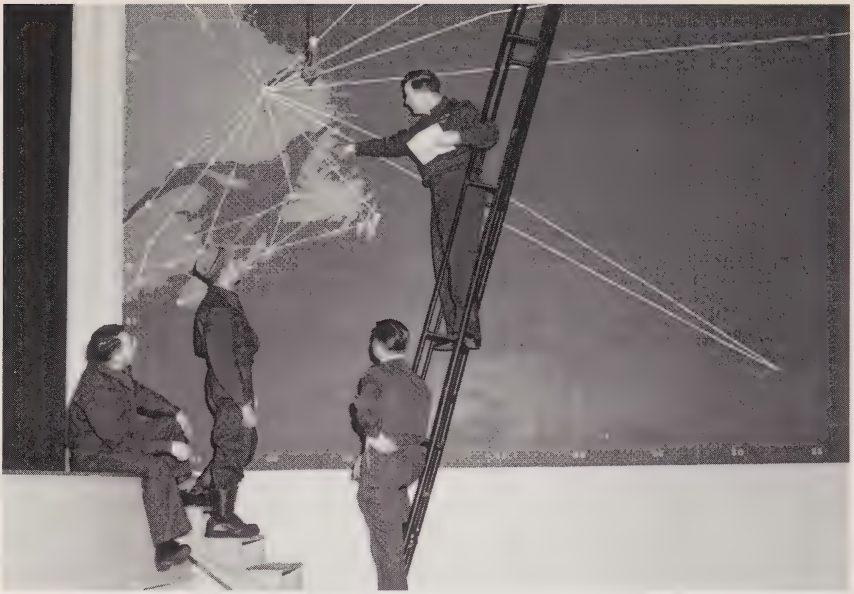


UN 30269

Major-General Howard Kennedy, Director of the United Nations Relief and Works Agency for Palestine Refugees. Lake Success, New York, March 7, 1950.

UN Photo/ONU Photo

Le major-général Howard Kennedy, directeur de l'Office de secours et de travaux des Nations unies pour les réfugiés de Palestine. Lake Success, New York, le 7 mars 1950.



PL-48527

R.C.A.F. personnel prepare to defend North America from Goose Bay, Labrador in early 1950.

Le personnel de l'ARC se prépare à défendre l'Amérique du Nord à partir de Goose Bay au Labrador, au début de 1950.



PA-194441

The Chairman of the Canadian Section of the Permanent Joint Board on Defence, General A.G.L. McNaughton (second from the right), greets members of the American section as they arrive in Goose Bay, Labrador for a board meeting in June 1950.

Le président de la section canadienne du Conseil permanent mixte de la défense, le général A.G.L. McNaughton (deuxième à partir de la droite), accueille les membres de la section américaine à leur arrivée à Goose Bay au Labrador, en vue d'une réunion du Conseil, en juin 1950.



PA-151993

A gun crew of H.M.C.S. Cayuga confronts Korean refugees in July 1950.

L'équipe du canon du navire canadien Cayuga et des réfugiés coréens en juillet 1950.



PA-128822

Personnel of the Princess Patricia's Canadian Light Infantry board U.S.N.S. Joe P. Martinez en route to Korea, November 25, 1950.

Le 25 novembre 1950, des membres de l'infanterie légère canadienne du Princess Patricia montent à bord du navire américain Joe P. Martinez qui doit se rendre en Corée.



PA-121698

Secretary of State for External Affairs Lester B. Pearson in a meeting with Minister of Defence Brooke Claxton (right), September 1, 1950.

Le secrétaire d'État aux Affaires extérieures, M. Lester B. Pearson, lors d'une réunion avec le ministre de la Défense, M. Brooke Claxton (à droite), le 1er septembre 1950.



PA-194443

Secretary of State for External Affairs Lester B. Pearson discusses strategy with Under-Secretary of State for External Affairs Arnold Heeney (centre) and G.A. Riddell (right), Permanent Representative to United Nations, at the Fifth Session of the United Nations General Assembly, September 19, 1950.

Le secrétaire d'État aux Affaires extérieures, M. Lester B. Pearson, s'entretient de stratégie avec le sous-secrétaire d'État aux Affaires extérieures, M. Arnold Heeney (au centre) et M. G.A. Riddell (à droite), représentant permanent aux Nations unies, à la cinquième session de l'Assemblée générale des Nations unies, le 19 septembre 1950.



PA-194442

Secretary of State for External Affairs Lester B. Pearson confers with Senator Warren Austin (left), Representative of United States to United Nations.

Le secrétaire d'État aux Affaires extérieures, M. Lester B. Pearson, confère avec le sénateur Warren Austin (à gauche), représentant des États-Unis auprès des Nations unies.



PL-50432

Minister of Defence of France Jules Moch is greeted on his arrival in Ottawa on November 7, 1950 by Minister of Defence Brooke Claxton and the Chiefs of Staff. L to r: Lt. Gen. Charles Foulkes, Air Marshall W.A. Curtis, Moch, Claxton, Hubert Guerin, Ambassador of France to Canada and Vice Admiral H.T. Grant.

Le ministre de la Défense de France, M. Jules Moch, est accueilli à son arrivée à Ottawa le 7 novembre 1950 par le ministre de la Défense, M. Brooke Claxton, et les chefs d'état-major. De g. à dr. : le lt-gén. Charles Foulkes, le maréchal de l'air W.A. Curtis, M. Moch, M. Claxton, M. Hubert Guérin, ambassadeur de France au Canada, et le vice-amiral H.T. Grant.

CHAPITRE PREMIER/CHAPTER I
CONDUITE DES RELATIONS EXTÉRIEURES
CONDUCT OF EXTERNAL RELATIONS

PREMIÈRE PARTIE/PART 1
REPRÉSENTATION DIPLOMATIQUE ET CONSULAIRE
DIPLOMATIC AND CONSULAR REPRESENTATION

SECTION A

CEYLAN
CEYLON

1. DEA/10968-40

Le sous-ministre du Commerce
au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Trade and Commerce
to Under-Secretary of State for External Affairs

CONFIDENTIAL Ottawa, June 6, 1950

Dear Mr. Heeney,

This Department is proposing to open an office in Colombo, Ceylon, before the end of the year. We have in the past directed our trade promotion activities in Ceylon from Bombay, but this has never been entirely satisfactory. Now that Ceylon has become a Dominion within the Commonwealth and is the only Dominion without a Canadian Government representative of any kind, trade direction from India is even less satisfactory.

While it is desirable to have an officer in Ceylon primarily concerned with trade promotion, his duties would not be so onerous that he could not take on other general responsibilities such as attending to passports, visas, etc., which you might wish to delegate to him, pending the establishment of a diplomatic mission in Colombo. It was my understanding, from our telephone conversation, that you were in agreement with this view and that it would be appropriate to accord some designation, other than Trade Commissioner, which would indicate the general character of this officer's functions. I should be glad to have your suggestions on this subject.

You may wish to advise the Government of Ceylon of our intentions, enquiring at the same time as to the privileges which they would be willing to accord such a representative.

The name of the proposed incumbent, together with his curriculum vitae, will be furnished later when the time approaches for the officer to actually take up his

duties, and when official notification of his appointment to Ceylon will be requested.

Yours faithfully,
M.W. MACKENZIE

2. DEA/10968-40

Note du secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Secretary of State for External Affairs to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], June 22, 1950

Mr. Howe telephoned me this morning about the appointment of a Trade and Commerce official to Ceylon. He said that they wished to appoint Mr. [Arthur Evan] Bryan, now in London, and to give him the title of "Commissioner" rather than "Trade Commissioner", so that he would be able to do whatever consular work was required. I told him that we thought Commissioner was the best title in the circumstances, but that we did not wish it to be understood by this appointment that Bryan was to become "our man", or a High Commissioner subsequently, if one was appointed on the political level. Mr. Howe said that they quite understood this and that Bryan would continue to be a Trade and Commerce official. I said that on this understanding, we had no objection to the appointment, and Mr. Howe indicated that they would be proceeding with it immediately.

L.B. P[EARSON]

3. DEA/10968-40

Le sous-secrétaire d'État aux Affaires extérieures au bureau du haut-commissaire au Pakistan

Under-Secretary of State for External Affairs to Office of High Commissioner in Pakistan

LETTER NO. B-388 [Ottawa], September 18, 1950

APPOINTMENT OF A REPRESENTATIVE OF THE DEPARTMENT OF TRADE AND COMMERCE IN CEYLON

Reference: My telegram No. 47 of June 26, 1950.†

The Ceylon Government informs us that it prefers the term "Trade Commissioner" to that of "Commissioner" because the term "Commissioner" is generally reserved for a representative of one country to another when the relation between the two countries is not one of equality. The Ceylon Government assures us that our representative as Trade Commissioner could exercise consular or even quasi-diplomatic functions in Ceylon, and states that a higher place is provided in the precedence table for Trade Commissioners who are the sole representatives in

Ceylon of their respective Governments than for Trade Commissioners attached to diplomatic Missions.

2. In my above telegram I mentioned that it was proposed to appoint to Ceylon Mr. Arthur Evan Bryan. However, it has now been decided that Mr. Paul Sykes, until recently Trade Commissioner in Singapore, is to proceed within the next month or so to open a Trade Commissioner's Office in Colombo.[1]

3. Your despatch No. 249 of August 10, 1950,† reached the Department shortly after the above arrangements had been made. You will note that the designation of the representative of the Department of Trade and Commerce is entirely in agreement with the conversation you had with Sir Kandiah Vaithianathan on this subject.

[ESCOTT REID]

SECTION B

CUBA

4. DEA/7590-P-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], February 14, 1950

ELEVATION OF LEGATIONS IN CANADA AND CUBA TO THE RANK OF EMBASSY

The Canadian Minister to Cuba[2] reported last October an informal approach by the Cuban Foreign Office with a view to raising the rank of the Canadian mission in Havana and the Cuban mission in Ottawa to the rank of embassy. This approach has followed approval by the Cuban Congress of the raising to the rank of embassy the Cuban missions in Canada, to the Holy See, and in Panama.

2. As you know, this proposal revives a suggestion made in 1947, when Mr. St. Laurent agreed that Mr. [Joseph Jacques Janvier Émile] Vaillancourt, then Canadian Minister to Cuba, might informally enquire whether the Cuban Government would agree to the raising of the missions to the rank of embassy. The two principal reasons in favour of our suggesting such a step were (a) our general policy to have diplomatic missions of uniform rank in the western hemisphere, and (b) the anomaly of having an embassy in a country like Peru, while we have a mission of lower status in Cuba where our commercial and other interests are more important. No definite response to our reciprocal proposal was received from the Cubans at that time, chiefly because of approaching presidential elections and because of the

[1] Paul Sykes a inauguré la délégation commerciale le 2 janvier 1951.
Paul Sykes opened the Trade Commission on January 2, 1951.
[2] E.H. Coleman.

President's anticipated difficulty in obtaining the approval of the Cuban Congress. We were informed, however, that there would be no objection if Canada desired to proceed with the appointment of an ambassador in Havana.

3. Owing to Mr. Vaillancourt's departure from Havana for Belgrade, the question was reconsidered in the Department. We were reluctant to take the initiative again, since at that time the United Kingdom, which only maintains a legation in Havana, was undertaking certain negotiations with the Cuban Government and did not wish to agree to the raising of their respective missions unless these negotiations were concluded in a manner satisfactory to the United Kingdom. We did not wish any action on our part to weaken any bargaining power which the United Kingdom might have had in their discussions. A further reason was that we ourselves were making important representations on the question of taxation of Canadian insurance companies and might have wished to make use of this step.

4. Now that we have been approached by the Cubans, the question has been given further consideration. At the present moment there seems no likelihood that further delay will assist either the United Kingdom or Canada in current negotiations with Cuba. The United Kingdom's discussions have reached a stalemate. One of the Canadian insurance companies — the Manufacturers' Life — has already received a bill for back taxes, but the new Minister of Finance is reported by both Dr. Coleman and the insurance companies concerned to be willing to adopt a more favourable attitude to our representations. I think that acceptance of the Cuban proposal at this time would certainly not prejudice our position in this question and might even to some extent contribute toward insuring a more equitable solution. I think that the same would apply to other fields such as telecommunications, where Cuba's cooperation is of importance to us. Moreover, Dr. Coleman has had informal conversations with the United Kingdom Minister and reports that in his opinion the proposed elevation of the Canadian mission would not have any adverse effect on United Kingdom-Cuban relations or on United Kingdom-Canadian relations in Cuba. He has also pointed out that in any event the Cuban Congress has not approved the raising of the Cuban mission in the United Kingdom. Finally, I think that, in view of our earlier initiative in the matter, it would be difficult to return a negative answer to this informal approach.

5. Accordingly I recommend that Dr. Coleman be instructed to inform the Cuban authorities that the Canadian Government accepts their proposal for the raising of the missions to the rank of embassy. However, as the United Kingdom legation in Havana for many years looked after Canadian interests in Cuba and United Kingdom consuls continue to perform certain consular services for us in various parts of Cuba, I suggest that we send advance notice to the United Kingdom, through the Canadian High Commissioner in London, of our intention.[3]

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[3] Note marginale :/Marginal note:
I agree. L.B.P[earson].
Le Cabinet a approuvé la nomination le 4 septembre 1950.
The appointment was approved by Cabinet on September 4, 1950.

6. Since the departure of Dr. Brull,[4] the Cubans have not approached us regarding a successor. It is conceivable that they are awaiting a reply from us on this question before appointing either a Minister or an Ambassador, as these ranks in the Cuban foreign service are not interchangeable as in ours.

A.D.P. H[EENEY]

SECTION C

TCHÉCOSLOVAQUIE
CZECHOSLOVAKIA

5. L.S.L./Vol. 8

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], January 24, 1950

As instructed by Cabinet Minute of January 18,† I called in the Czechoslovak Chargé d'Affaires this afternoon in connection with the recent expulsion of two members of the Canadian Air Attaché's staff in Prague.

I outlined to Mr. Klima, who knew little or nothing about the whole matter, the incidents which had already taken place in which the locally engaged staff of our Legation had been arrested or prevented from working and have now led to the laying of unsupported charges against the two Canadian N.C.O.'s, Danko and Vanier. I informed Mr. Klima that I was instructed by the Government to say that the situation at our post in Prague was highly unsatisfactory. It was obviously impossible to conduct the legitimate business of the Legation under such conditions, which did not reflect relations between our two countries as we hoped them to be.

I went on to say that the Government wished an answer to the question as to whether or not it was the intention of the Czech Government by their interference with our staff to make it impossible for the Canadian Government to maintain diplomatic relations with the Government of Czechoslovakia. As to what steps the Government would be prepared to take with regard to the present situation, this would be a matter for further consideration.

Mr. Klima told me, what I did not know, that he was ordered to return to Prague some two weeks ago and was leaving next Tuesday. I asked him if he was returning to work with the Foreign Ministry and he rather carefully did not confirm this but said he was returning to Prague. He said, however, that he would telegraph at once to his Government for the required information. On his departure Mr. [Zdeněk] Roškot, Second Secretary, would be Chargé d'Affaires in Ottawa. Mr. Klima

[4] Le ministre de la légation de Cuba, Dr. Mariano Brull.
Dr. Mariano Brull, Minister of Legation of Cuba.

informed us that Mr. Roškot had been posted recently from Prague in order to take over the post after Mr. Klima's departure.

In answer to my question, Mr. Klima explained that the Czechoslovakian staff in Canada would now consist of a Second Secretary, a Commercial Attaché, with an Assistant, and a Consul General in Montreal, together with clerical staff locally employed.

It was my own impression and that of the two other officers of the Department who were present that Mr. Klima was intensely depressed by the whole affair and that he had been kept entirely in the dark about it.

Both the United Kingdom and the United States, not to mention other countries, have experienced an abundance of similar interference throughout the satellite countries. They have adopted a policy of retaliation. For example, last March, when Czechoslovakia demanded the immediate recall of a clerk in the United Kingdom Embassy on charges of espionage, the United Kingdom demanded the recall of the assistant to the Czech Commercial Attaché in London. Last October two employees of the American Embassy in Prague charged with espionage activities were requested to leave the country within twenty-four hours. The United States retaliated by requesting the withdrawal from the United States of the Czech Consul General in New York and of a member of the Czech Embassy in Washington.

I have arranged with the Chief of the Air Staff for the return of Sergeant Danko and Corporal Vanier to be expedited as much as possible, and for them to be interviewed by the C.A.S. and a senior officer of this Department on their arrival.

If, as I have no doubt, the charges against them turn out to be baseless, I would recommend that the Canadian Government demand the withdrawal, as *persona non grata*, of at least two members of the Czech staff in this country. Appropriate investigations have been made by the Royal Canadian Mounted Police and the selection of the personnel to be withdrawn could be made on the basis of their findings.

A.D.P. H[EENEY]

6. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET Ottawa, February 1, 1950

. . .

EXTERNAL AFFAIRS; INTERFERENCE WITH PERSONNEL OF CANADIAN LEGATION IN CZECHOSLOVAKIA

11. *The Prime Minister*, referring to discussion at the meeting of January 25th,† said that a detailed report had been received from the Chargé d'Affaires at Prague respecting the request of the Czech authorities for the immediate recall of Sergeant Danko and Corporal Vanier.

In view of the completely unwarranted interference by the Czech authorities with personnel of our Canadian Legation at Prague and as a retaliatory measure, it was recommended that a note be despatched immediately to the Czech Chargé d'Affaires at Ottawa designating Richard Berhmann, a bookkeeper at the Legation, and Hugo Behounak, an assistant clerk in the Commercial Attaché's office, as *persona non grata* and requiring their departure from Canada within seven days. If this course of action were approved, it was suggested that it be announced during the course of the regular External Affairs press conference to be held the following day.

(Memorandum, Under-Secretary of State for External Affairs to Prime Minister, Feb. 1, 1950 and attached documents)†

12. *The Cabinet*, after discussion, noted the Prime Minister's report on the recent expulsion of two members of the Canadian Legation at Prague and agreed that, as a retaliatory measure, a note† be despatched to the Chargé d'Affaires at Ottawa designating Richard Berhmann and Hugo Behounak as *persona non grata* and requiring their departure from Canada within seven days, these measures to be announced during the course of the regular External Affairs press conference to be held the following day.

. . .

SECTION D

MISSIONS DERRIÈRE LE RIDEAU DE FER : ÉVALUATION
IRON CURTAIN MISSIONS: ASSESSMENT

7. DEA/10926-40

Note du sous-secrétaire d'État par intérim aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Acting Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], March 2, 1950

I attach a memorandum of February 28 which has been prepared by the European Division on the functions of Canadian diplomatic posts in Poland and Czechoslovakia. This memorandum is based on some discussions held in the Department. As an appendix there is attached a memorandum of February 28 by Mr. McCordick on the usefulness of Iron Curtain missions. His note gives an interesting first-hand estimate of the peculiar circumstances under which work is carried on at these missions.

E. R[EID]

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note du chef de la Direction européenne

Memorandum by Head, European Division

SECRET [Ottawa], February 28, 1950

NOTES ON FUNCTIONS OF CANADIAN POSTS IN POLAND AND CZECHOSLOVAKIA

It is evident that a concerted drive, probably part of a general Russian strategy, is under way in the satellite countries to make it difficult and even impossible for diplomatic missions from countries regarded as enemies, to function. This drive manifests itself in the arrest and false accusation of personnel of all ranks: in the linking of western diplomats, e.g., Mr. Heath,[5] to the 'crimes' fastened on the victims of political purges, thereby giving Communist governments grounds for blackening their reputation as diplomatic representatives: in the tightening of visa control, even for diplomats: in the intimidation of satellite nationals so as to discourage their having anything to do with westerners, their consuls, their newspapers, their radio, etc.

2. At the same time some journalists, business men, private travellers, correspondents from the west are either denied entry to or are driven out of these countries.

3. The net result is a growing atmosphere of fear, suspicion, frustration, and isolation in which the westerner simply has no place. He becomes in short an enemy alien.

4. The question therefore arises: has this atmosphere developed to a point at which the maintenance of our diplomatic missions no longer warrants its present cost to the public purse?

5. The political and diplomatic value of these posts resides in:

(a) The retention of one more connection between the countries and the western world. It can be assumed that Russia is trying to break all such connection;

(b) A point through which Canadian interests can be safeguarded (e.g. the legal and financial claims of Canadian citizens; the handling of the immigration of relatives of Canadians);

(c) Reports can be made on matters of direct and indirect interest to Canadians, and the Canadian Government; as e.g. the proceedings of Trade Union and other conferences: comments (usually insulting) on Canadian people and events: conditions inside the country such as resistance movements, religious persecution, economic developments: the evolution of Russian policy and strategy in the cold war: the form and effect of CBC broadcasts;

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[5] Donald R. Heath, ministre de l'ambassade des États-Unis en Bulgarie. Il a été déclaré *persona non grata* le 19 janvier 1950 pour cause d'espionnage après la condamnation et l'exécution de l'ancien vice-premier ministre de Bulgarie, Traicho Kostov.
Donald R. Heath, Minister, United States Embassy in Bulgaria. Declared *persona non grata* January 19, 1950 for espionage in connection with the conviction and execution of Traicho Kostov, former Deputy Premier of Bulgaria.

(d) Above all, the importance of the curtain area as the combined laboratory and advanced area of Russian policy. If we assume, as we probably can, that the governments of Prague and Warsaw are to all intents and purposes the agents of the Kremlin, we have the opportunity, even under present restrictions, to study at close quarters the methods, immediate aims, and some of the weaknesses of the Moscow line. In the missions' functions this has the greatest potential usefulness, but to date we have fallen short in this sphere. These Missions also serve a military purpose in providing the Defence Departments with reports. By maintaining Service Attachés in Eastern Europe Canada makes a contribution to the Western cause which entitles her to benefit reciprocally from the prints of United Kingdom and United States Intelligence;

(e) Finally, as Canada is part of the Western alliance, we should maintain a common front with our Western friends and we should not want to withdraw our diplomatic missions from Eastern Europe without prior consultation with the United Kingdom and the United States.

The economic value would depend on:

(a) The requirements of other government departments; the Department of National Revenue, Customs Branch, recently enquired about price levels in Czechoslovakia in connection with the drawing up of Canadian tariff schedules;

(b) the potential markets in these countries for Canadian products;

(c) the economic significance of these countries in the Russian Economic Cominform;

(d) the military significance of production.

7. The Departmental value is to be formed chiefly in the unique training and experience provided for officers in the enemy camp. If we take a reasonably long view this will be of growing importance whether we move into a fighting war, or continue to exist as a vigilant antithesis to the Communist world.

8. If these are the potential uses of our curtain missions, how far are they being developed?

9. From Warsaw we get about two full political despatches a month: from Prague about the same. We also obtain numerous translations and clippings from Polish and Czech papers and periodicals. The subjects are varied, including the purges, trials, religious persecution, wage and price levels, reorganization of the national economy, occasional conversations with officials, resistance movements, and specific topics like the Polish treasures.[6]

10. This Department also obtains some economic analysis or information: but our trade with these countries has dropped sharply in recent months.

11. Military reports of a general kind are referred to the Department by the Defence Department.

12. The training value to our officers is clearly evident in those who have served in the orbit area.

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[6] Voir *DREC*, volume 15, les documents 1010-1017./See *DCER*, Volume 15, Documents 1010-17.

13. There are certain limiting factors on the full utilization of our diplomatic missions in Eastern Europe.

14. One is the restriction on freedom of movement and observation referred to above. This is increasing not diminishing.

15. Another is the immense burden of office and personal management and administration enforced on the staff of our missions by living conditions in those capitals. A large part of the day must be devoted to purchase of supplies, domestic arrangements, etc.

16. A third is the fact that sufficient direction up to date has not been given from Ottawa to assist the missions in making systematic studies of special subjects which could be used here for such purposes as:

(a) defence and strategic appreciation;

(b) intelligence work;

(c) export control policy;

(d) debating and other activities at the U.N.;

(e) Canadian economic policy in conjunction with Trade and Commerce, etc.;

(f) the continuous study of Russian Communism, its aims, potential, and present tactics.

17. It is also difficult to justify the maintenance of these missions to everyone's satisfaction because

(a) their usefulness is somewhat intangible, and because it is actually undesirable to make too much in public of their function as observation points;

(b) the Heads of Mission may at any time be involved in vilification or serious charges of misbehaviour, which would embarrass the Government;

(c) the satellite missions here, working in a free country, have much greater facilities than ours for both licit and illicit activity.

18. We conclude therefore

(a) that these missions are actually, and even more potentially, of importance in our foreign service. They are in the front line of the cold war and provide a type of observation for which there is no substitute;

(b) their potential is not being exploited sufficiently to make the case for their retention easily defensible.

19. It is suggested that the following steps be taken, as occasion permits, to rectify this situation:

(i) A despatch embodying the argument outlined here — as revised in discussion — be sent to our two missions with the request that the Chargés d'Affaires not only comment on it, but state precisely what they can do to meet the deficiencies mentioned, and how far they are prevented by their circumstances from so acting.

(ii) Other Divisions and Departments should be consulted about the material to be obtained from these Missions and the use to be made of the Missions.

(iii) In order to ensure the fullest use of these Missions, if they are retained, there is called for in the Heads of Mission and officer staff rather special qualifications peculiar to the task, notably

(a) a thorough understanding of Communism;

(b) an analytical approach;

(c) if possible, some acquaintance with an Eastern European language.

(iv) Some consideration should be given to cooperating more closely and systematically in the collection and sharing of information with the representatives of our North Atlantic allies in those countries, notably the United Kingdom, United States of America and perhaps France. This can be done by the regular consultation with other diplomats with perhaps a greater exchange of working papers, despatches, etc. at the posts.

(v) Occasional visits within the curtain countries to compare notes would be technically valuable. At longer intervals it is perhaps equally desirable that officers from our curtain missions visit their Canadian colleagues in such centres as Paris, Brussels and Rome. This has the added advantage of serving as a morale builder.

T.W.L. MACDERMOT

[PIÈCE JOINTE 2/ENCLOSURE 2]

Note

Memorandum

SECRET [Ottawa], February 28, 1950

USEFULNESS OF IRON-CURTAIN MISSIONS

In your notes on the question of our maintaining missions in Eastern Europe you laid considerable stress on the missions' importance as training centres. I am in full agreement. In fact I think that the unique training they provide is one of the chief justifications for their maintenance. This aspect of the missions' usefulness has perhaps tended to be overlooked; furthermore it is not easy to turn it into an effective argument in making a public case for keeping the missions. But even if the training aspect may never be one of our main weapons of defence against public criticism I think it should assume a more prominent role in our Departmental deliberations.

The main elements in the missions' usefulness as training centres seem to me to be:

(1) We are engaged in world-wide resistance to Communism and Soviet imperialism, a life and death struggle which could suddenly pass from the present so-called "cold" stage into "shooting war". Surely no effort should be spared to ensure that Canada possesses a cadre of specialists who know the enemy as well as he can be known in present circumstances. Present circumstances do permit us to send people behind the "Curtain" and, in spite of all the restrictions and frustrations experienced there, I am convinced that the most accomplished, profound and intuitive "book student" of Marxism-Leninism-Stalinism and Soviet imperialism will correct, enrich and deepen his understanding of his subject by a sojourn at a mission in a

Communist capital. He will emerge from this experience much better able, on return to his own country, to advise and enlighten his own Government.

These observations are, I believe, shared by most people who have served in a "Curtain" country. We bring back some of the "Curtain" with us: there is a veil through which we find it difficult to transmit exactly the atmosphere, the "feel" and hence a complete picture of Transcurtainia to those who, no matter how percipient, have not passed through the same ordeal. Conversely, there is an immediate spiritual entente between those — even total strangers meeting for the first time — who have served at a "Curtain" post. We are all aware of the formidable "semantic barrier" which separates us from adequate intellectual intercourse with the few Eastern European Communists (without any Western intellectual training) who are willing to discuss problems freely. There are also one or two semantic hurdles which must be taken by those who have served in Transcurtainia in their efforts to present an accurate picture to their compatriots who have not. It seems to me to follow, therefore, that we need more interpreters of the "Curtain" whose combined efforts will throw increased light on the "Dark Side of the Moon".

(2) The Department has under active consideration a proposal to set up a psychological warfare organisation. There is a great scarcity of Canadians who have some familiarity with the psychology of any of the Slav nations on whom we intend to "wage war" by these means. This scarcity would become a deficiency of some gravity in the case of war. It seems therefore clear that here is another purpose for which we urgently need men whose training can only be completed by some experience behind the "Curtain". ("Refugee experts" are not a satisfactory substitute, in fact they are undesirable for several reasons: security; inability to present a genuine Canadian attitude; lack of appeal in their country of origin ranging from amused scorn to strong revulsion).

(3) In spite of all restrictions, all curbs on personal contacts, those who serve in Transcurtainia absorb a great deal of useful — not exactly information — but rather comprehension. It is a process which might be called "spiritual osmosis", a trans-membranous seepage of "feel" and "intuition" into the brain. All this may smack somewhat of the mystic, but I bring it back to the practical by adding that an indispensable instrument in this process is some knowledge of a Slav language — not perfection or fluency, but just some familiarity. I am quite sure the "osmosis" I speak of works far better with a tincture of linguistic catalyst.

(4) In your notes you also mentioned that officers going to Eastern Europe should have some previous experience abroad, a good knowledge of Communism and an analytical approach to which I can only add: amen!

(5) I would like however, to repeat some of my views on why reporting from Eastern Europe is not voluminous, but has a peculiar value. The "Curtain" missions have less information to work on. A "monolithic" instead of a diversified press; few personal contacts; excessive supervision by the local security organisations; rigid laws against espionage in which the terms "economic" and "military" are interpreted to cover the entire life of the country — all combine to put relatively little local material on an FSO's desk. But the very secrecy, the Byzantine atmosphere of intrigue under the facade of the monolithic state, make it a far more essen-

tial and incidentally difficult task to assess situations, interpret events and forecast developments than in a Western country. The press, being state-controlled and inspired, assumes an importance peculiar to Transcurtainia. It's as though our editorial pages were issued by Cabinet. Every comma must be noted, and the process becomes a form of textual criticism more closely related to the labours of Shakespearian or Biblical scholars than to those of press observers in the West. Small omissions from or additions to statements made to U.N. or the Marxist-Stalinist classics assume disproportionate significance. Nothing seems obvious any more, so that conclusions must be held in the tentative stage longer than normal while the problem is probed and discussed till far into the night with one's Western colleagues. On top of this there is a constant flood of rumours, many inspired, most of them fantastic, but still not to be ignored for they occasionally provide the shaft of light for which one has long sought in vain to illuminate a dark corner of a problem.

All this drudgery must be completed before a serious analytical despatch can be put into final form and sent to the hungry Department, which even then may be disconcerted by the number of "ifs", "buts" and "mights".

In short, without wishing to abuse the word, reporting in this area becomes a form of intelligence work. This applies especially to economic reporting: official secrecy obscures the whole economic scene, but by careful collation and interpolation of painstakingly collected newspaper and periodical clippings, vague official statistics and miscellaneous information, pieces can gradually be fitted into a jigsaw puzzle until in many cases the outlines of a picture emerge.

J.A. M[CCORDICK]

SECTION E

SUISSE
SWITZERLAND

8. DEA/3358-R-40

Note du chef de la Direction du protocol pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Protocol Division, to Under-Secretary of State for External Affairs

CONFIDENTIAL Ottawa, February 11, 1950

SWISS DECLINE PROPOSAL FOR RAISING CANADIAN LEGATION TO EMBASSY

A reply has come this morning from the Swiss to the question which, on your instructions, I raised with Mr. Nef[7] some weeks ago.

[7] Le ministre Victor Nef de la légation de Suisse.
Dr. Victor Nef, Minister, Legation of Switzerland.

2. Mr. Nef came to report that he has received a very long letter from his "Foreign Minister" (it was five pages long, single space) instructing him to express the Swiss Government's appreciation of the compliment which Canada has offered by requesting Switzerland to receive a Canadian Ambassador, and to say that Switzerland felt greatly flattered.

3. Mr. Nef said that the Canadian proposal was considered with great care by the whole Swiss Government, not merely by the Foreign Minister, and that, though the Swiss would like to accept the Canadian suggestion, they feel that the present time is not auspicious because of the difficult consequences which would confront them almost immediately by requests from the United States, Great Britain, and particularly from "iron curtain" countries; the latter would want to take the same action as Canada and, in addition, would insist on reciprocal appointment of Swiss Ambassadors in their countries. This development would make it necessary for the whole question to go to the Swiss Parliament and probably to a referendum, and the Swiss Government fears that neither Parliament nor the people would consent. The Swiss Government has decided therefore to continue their present arrangements rather than to risk disturbance of their relations with other countries which refusal by their Parliament of reciprocity would create.

4. I mentioned the representation at Berne at embassy rank of the Vatican and France. Mr. Nef explained that the Vatican representation dates from 1560 and that of France from 1874 but Switzerland does not reciprocate; in Paris there is a Swiss Minister and Switzerland has no representation at the Vatican.

5. The Swiss Minister said he assumed that his Government's reply would result in an early determination of Canada's selection of a head of mission in Berne. He said that they would be glad to receive a head of mission who, like Mr. Wilgress, would have the personal rank of Ambassador but he would, of course, have to be accredited as Minister.[8]

W.H. MEASURES

[8] Le 24 avril 1950, Victor Doré a été nommé ministre avec rang d'ambassadeur.
On April 24, 1950, Victor Doré, was appointed Minister with the personal rank of Ambassador.

2e PARTIE/PART 2

ATTACHÉS SERVICES
SERVICE ATTACHÉS

9. PCO

Note du ministre de la Défense nationale pour le Comité du Cabinet sur la défense

Memorandum from Minister of National Defence to Cabinet Defence Committee

CABINET DOCUMENT D246 [Ottawa], April 21, 1950

SECRET

DISPOSITION OF SERVICE ATTACHÉS

1. The Chiefs of Staff Committee have reviewed the present disposition of Service Attachés (excluding Washington) in the light of the following factors and present circumstances:

(a) the strategic importance of the countries to which attachés are appointed;

(b) the necessity of increasing where possible our knowledge of the Soviet Union and the satellite countries;

(c) the need for contributing to the United Kingdom-United States-Canadian pool of information so as to provide some basis for exchange;

(d) the need to perform independent Canadian assessments of the validity of United Kingdom and United States intelligence, particularly where they disagree;

(e) the possibility of the area becoming, in the event of war, a theatre of operations in which Canadian forces would be involved; and

(f) the present situation in certain Iron Curtain countries owing to the attitude of the governments towards foreign attachés of the Western Powers.

2. Experience over the past few years has shown that an attaché from one Service cannot satisfactorily meet the intelligence requirements of another Service. This is particularly true in the case of the Soviet Union and the satellite countries where personal observation is important and is the chief means of acquiring information.

3. In the light of the above, IT IS RECOMMENDED that the following additions to and changes in appointment of attachés be approved:[9]

(a) the following additional attachés be appointed:

(1) Naval attachés to Sweden and The Netherlands;

(2) (i) Military Attaché to Germany (Bonn)

(ii) Assistant Military Attaché to Sweden

[9] Le Comité du Cabinet sur la défense a approuvé ces recommandations le 25 avril 1950.
The Cabinet Defence Committee approved these recommendations on April 25, 1950.

(iii) the appointment of an assistant Military Attaché to Czechoslovakia to be reviewed in six months' time;

(b) the following changes be made in the existing disposition:

(1) the withdrawal of the Military Attachés from Greece and China and the establishment of Military Attachés in the Soviet Union and Italy;

(2) (i) the withdrawal of the assistant Air Attaché from Belgium and the establishment of an assistant Air Attaché in Yugoslavia,

(ii) the withdrawal of the Air Attaché from Argentina and the establishment of an Air Attaché in Poland to be reviewed in six months' time.

4. The immediate implications of the additions referred to in paragraph 3 fall within the already authorized attaché establishments of the respective services. However, if and when the appointment of an assistant military attaché is made to Czechoslovakia, it will increase by one the present authorized army attaché establishment.

5. The detailed considerations in respect of the requirements for the above additions and changes are attached as Appendix "A". The details of the present and proposed overall disposition of Service attachés are shown as Appendix "B".†

[PIÈCE JOINTE/ENCLOSURE]

Annexe "A"

Appendix "A"

SECRET [Ottawa, April 21, 1950]

SERVICE ATTACHÉ REQUIREMENTS

USSR

1. The quantity of information emanating from the Service Attaché in Moscow is admittedly small. However, since the overall information available is comparatively scanty what is obtained from this source is relatively significant. Furthermore, the Service Attaché in Moscow acts as a member of the U.K.-U.S.-Canadian team and both contributes to and draws from the joint pool of information. Since the number of Service Attachés which these other countries can have in Moscow at any one time is limited, the presence of a Canadian Service Attaché is more important than would otherwise be the case.

2. The information obtained is normally the result of personal observation including such photographs of May Day and other parades as can be obtained. It is particularly important, therefore, for each Service to have its own representative in Moscow since the Air Force cannot observe satisfactorily for the Army or vice versa. Accordingly, it is proposed that a Military Attaché be appointed to Moscow in addition to the present Air Attaché.

POLAND

3. Poland is significant for the following reasons:

(a) It is strategically located on the main military route of approach to Western Europe and faces Southern Sweden across the Baltic. A major change of disposition or a build-up of the Soviet forces in this area may therefore be highly significant.

(b) Polish travel restrictions are not as severe as those in effect within the USSR and Service Attachés can travel about the country and observe both the Soviet and Polish Armies and the Polish Air Force.

(c) Poland assesses [sic] the largest satellite Air Force. While its present combat capabilities are meagre, it has very close ties with the Soviet Air Force and is based on the USSR model in respect of organization, tactical doctrines and equipment.

4. The Military Attaché in Poland has been successful in obtaining intelligence on the Soviet Army, of value from the U.K. and U.S. as well as from the Canadian point of view, and the post is considered to be a valuable one for the Army. It is felt that the importance of Poland warrants the addition of an Air Attaché and that this would materially increase the amount of intelligence coming from this country. However, in view of recent difficulties which have been encountered by the attaché staff in Poland as a result of the attitude of that government towards foreign attachés of the Western Powers, it is considered that the establishment of an additional air attaché should not be implemented immediately but be reviewed in six months' time.

CZECHOSLOVAKIA

5. Czechoslovakia is technically the most advanced and developed ally of the USSR. The organization of its forces, the extent of Soviet control and the distribution of its arms products are all important. This post not only provided useful Service intelligence on Czechoslovakia, but a considerable amount of intelligence on other satellite countries and the USSR. Security measures are less effective than in most countries dominated by the Soviets, resulting in additional sources of information and relatively unrestricted travelling opportunities. The information received from the Air Attaché has been generally of high quality and considerable in quantity. The Czechoslovakian post is considered sufficiently important and useful to warrant an Assistant Military Attaché in addition to the present Air Attaché. However, in view of recent difficulties which have been encountered by the attaché staff in Czechoslovakia as a result of the attitude of that government towards foreign attachés of the Western Powers, it is considered that the establishment of an additional assistant military attaché should not be implemented immediately but be reviewed in six months' time.

YUGOSLAVIA

6. The intelligence which has been produced by the Military Attaché in Yugoslavia has been of value in London and Washington as well as Ottawa. While Yugoslavia can no longer be classed as a satellite of the USSR, she has the most powerful army and air force in the Balkans and occupies an important strategic position. It is felt that Yugoslavia is an intelligence target of sufficient importance to warrant an Assistant Air Attaché in addition to the present Military Attaché.

NATIONALIST CHINA

7. This post, which has proved very useful in the past two years, is no longer of value. The Military Attaché has been withdrawn.

SWEDEN AND FINLAND

8. Being situated on the periphery of Soviet-controlled territory, these countries have proved to be a most fruitful source of intelligence on the Soviet Union. Travel is unrestricted and intelligence unobtainable from other sources is often acquired.

9. The fact that Sweden is still not committed to the Soviet or Western Bloc, together with her strategic location and her possession of significant war industry, air, land and sea forces, combine to make her a target of unusual intelligence interest. Furthermore, many of the operating problems of all services parallel those found in Canada; hence knowledge of Swedish development is useful.

10. The present Air Attaché has provided much valuable information. In view of Sweden's all round importance, however, it is considered that the Air Attaché's efforts should be supplemented by those of Naval and Military Attachés.

NETHERLANDS

11. A Naval Attaché accredited to The Hague would be able to acquire not only intelligence regarding the forces of the Netherlands themselves but a certain amount of Far Eastern intelligence as well, as the Indonesian Navy is at present being run by officers of the Royal Netherlands Navy.

12. During the recent tour of the Minister of National Defence to European countries the Canadian Ambassador to The Hague informed the Assistant Chief of the Naval Staff that he considered a Naval Attaché should be appointed to his staff.

13. It is considered that the importance of the Royal Netherlands Navy warrants a Naval Attaché being appointed to The Hague in addition to the present Military Attaché.

BELGIUM

14. Proportionate to the size and importance of the Belgian Air Force, the flow of information from this post has been adequate. However, the effectiveness of the Belgian Air Force is slight, the aircraft industry small and unable to meet the requirements of the Air Force. When information is required on Belgium, it can usually be obtained through other channels, in particular the North Atlantic Pact (Western Union) organization. It is, therefore, proposed to withdraw the Air Attaché, but to accredit the Military Attaché in The Hague to Belgium as well as to the Netherlands.

FRANCE

15. The Military and Air Attaché posts in France have been established for a period of over three years, during which time the flow of information has been steady and timely. Since the status of France as the key to the defence of Western Europe is likely to continue for the foreseeable future, these Attaché positions are considered to be of continuing importance.

ITALY

16. The centre of military importance in the Central Mediterranean has shifted from Greece to Italy. The inclusion of Italy in the Atlantic Treaty has meant that allied plans for defence in Europe will have to provide protection for her as well. The military restrictions of the Peace Treaty will have to be lifted and military aid provided to her. It will be of considerable advantage to Canadian military planners to have firsthand intelligence on the capabilities of the Italian Army when the allocation of forces for the defence of Europe is being made. It is recommended that a military attaché post be established in Rome without delay.

GREECE

17. The Military Attaché post in Greece, which was established in September 1947, has produced a considerable volume of useful intelligence on this focal point of both Soviet and American policy in the Balkans. Very detailed and accurate information on Soviet-sponsored activities and on the progress of the civil war has been reported by the Military Attaché. However, the importance of Greece from the military intelligence point of view, has diminished. Although our Attaché has succeeded in obtaining a good deal of information from the Greek General Staff and on the Balkan Satellites, it has proved to be quite unreliable and hence of little value in Ottawa. It is proposed to discontinue this post when the tour of duty of the present Attaché is concluded.

TURKEY

18. The Turkish Army of over 300,000 men, in the process of being re-equipped and mechanized by U.S. aid, is the only significant ground force between the USSR and the Suez Canal. Our Attaché in Ankara has been given unusual opportunities to observe the Turkish Army and certain of the more important fortified lines on which the Army will fight if attacked. It is suggested that the coverage provided by the Attaché should be continued.

ARGENTINA

19. Since the appointment of an Air Attaché to Argentina, air information on the country has been received well in advance of similar intelligence from the U.S. and U.K. In particular, reports on the reorganization of the Argentine Armed Forces, notes on the employment of foreign nationals in the services and research units, and reports on aircraft acquisitions and maintenance problems have been received. However, it is undeniable that Argentina ranks low on the list of nations representing targets of intelligence interest. It is therefore proposed to withdraw this attaché and utilize this position elsewhere.

GERMANY

20. The Department of External Affairs has decided to establish a mission at Bonn and accordingly are moving some of the staff of the present Berlin military mission there. However, it is felt that it is imperative for political and psychological reasons that a mission in Berlin should be kept open. Although the amount of political reporting which can be done is limited, it is considered that Berlin is an extremely useful source of information concerning Soviet military activity and

matters relating to the Soviet control of Germany's armament industry. In view of this, it is considered that a senior military officer should be accredited to the Canadian mission at Bonn, to be located in Berlin in order to look after the affairs of the military mission and act as military observer in Germany.

CHAPITRE II/CHAPTER II
CONFLIT CORÉEN
KOREAN CONFLICT

PREMIÈRE PARTIE/PART 1

CRÉATION DU COMMANDEMENT UNIFIÉ DES NATIONS UNIES
CREATION OF UNITED NATIONS' UNIFIED COMMAND

10. DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET Ottawa, June 26, 1950

. . .

UNITED NATIONS — RECENT DEVELOPMENTS IN KOREA

Mr. LePan referred to the attack of North Korean troops on South Korea and reported that as a result of a message received by the Secretary-General of the United Nations early on the morning of June 25, an emergency session of the Security Council had been held on the same afternoon. A resolution introduced by the United States Delegation branded the action of North Korea as constituting a breach of the peace and called upon North Korean troops to withdraw their armies to the line of the 38th Parallel. The United States resolution was presented under Article 39 of the United Nations Charter. Mr. LePan said that it was likely that the Soviets would protest the resolution alleging that it is illegal under Article 27, which requires the affirmative vote of seven members, including the concurring votes of the permanent members. The Soviet Delegation absented itself from the meeting of June 25. Although in the past an *abstention* by a permanent member has not affected the capacity of the Security Council to take decisions on substantive questions, the Soviet Union may claim that its own *absence* on June 25 invalidates the resolution passed by the Council.

Mr. LePan also commented on the attitudes of three parties to the resolution of June 25 observing that the Secretary-General in his statement had gone even further than the resolution itself in condemning the action of the North Korean authorities. It is felt that in doing so the Secretary-General wished to go on record against this act of aggression as a result of criticism recently levelled at him from certain quarters in the United States. Sir Benegal Rau, leader of the Indian Delegation and President of the Security Council for the month of June, who might have perhaps been expected to take a more lukewarm attitude towards the resolution did not attempt either to mitigate its severity or hold up its passage in any way. The Yugoslav Delegation played a modest role in the meeting and abstained in the voting on the United States resolution as a whole. After introducing its own resolution, the

Yugoslav Delegation did not appear to press hard for its adoption. This might be interpreted as a sign that the Yugoslav Delegation recognizes the possibility of their requiring support under similar circumstances in the future.

. . .

11. PCO/Vol. 167

Extrait d'une note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Extract from Memorandum from Secretary of State for External Affairs to Prime Minister

TOP SECRET Ottawa, June 27 and July 4, 1950

KOREA

The United States Ambassador[1] called to see me this morning at 9.30. Mr. Heeney was present. He showed me a telegram which he had received from his government with the text of a statement on the Korean war, which the President proposed to issue this morning at 12.00 noon.[2] He told me that he would be sending a copy of this text shortly. I made no comment on it at the time as I wished to have a copy of the text for examination before making any observations.

At 10.45 Mr. Wrong telephoned from Washington to say that he had been asked by the State Department to meet with the other Ambassadors of the North Atlantic countries to discuss the above text, which apparently had been read to him over the telephone. Sir Oliver Franks had already expressed to the Americans the anxiety of his government over the contents of the President's statement. I told Mr. Wrong that I did not have a copy of the text before me, but that having read it earlier, I shared this anxiety, and I added that I was awaiting a copy from the U.S. Embassy, and that I would phone him, Mr. Wrong, when I received it.

A few minutes later, with the text before me, I talked with Mr. Wrong again and pointed out to him my doubts about both the form and substance of the text. I thought that the reference to "Communist imperialism" was unnecessary, while the statement that the U.S. Air and Sea Forces would give cover and support to the forces of the Republic of Korea would, in fact, involve, if carried out, intervention in this war. At the moment I was not so much concerned with the wisdom or unwisdom of such intervention as about the way in which it might be brought about. Surely if the United States wished to intervene in this way, it should be done after the matter had been discussed at the Security Council and appropriate action had been taken there through a resolution, which would bring such intervention within the terms of the Charter. As the Security Council was meeting this very afternoon, no delay would be involved in the United States bringing the matter

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[1] Stanley Woodward.

[2] Pour la version finale de la déclaration du président, voir :/For the final version of the President's statement, see:/ U.S. Department of State, *American Foreign Policy 1950-1955, Basic Documents*, Volume 2, Washington: U.S. Government Printing Office, 1957, pp. 2539-2540.

before it. What the President was proposing was action which might mean U.S. intervention, but which would not be collective action as a result of any collective decision. This would mean that the U.S. would take the action and would expect other countries later to support and sanction it. I felt that this was the wrong way to proceed, even though I realized that the time element was so important. I wondered also whether the President in the use of the above words regarding air support realized the full implications of what he was saying.

I also questioned with Mr. Wrong the wording of the paragraph which dealt with Formosa. What, in fact, was proposed was that Formosa should become a U.S. protectorate, even though the U.S. would continue to recognize the Chiang Kai-Shek occupation regime as the Government of China. This seemed all the more anomalous, in view of the fact that the text of the President's statement ordered the Chinese Government in Formosa to cease all sea and air operations against the Chinese mainland, adding that the Seventh Fleet would see that this order was carried out.

I emphasized to Mr. Wrong that while I personally was unhappy about this statement of the President, nevertheless, it was the responsibility of the U.S. Government. However, if other countries were being invited to associate themselves with it, even through such a meeting as the one which he was about to attend, then we certainly had the right to bring our doubts to the notice of the U.S. Government.

Later, Mr. Wrong phoned to say that he had passed on the substance of my observations, which were in accordance with his own views, to George Kennan, who was impressed by them and thought that the text should be modified accordingly, and possibly not issued until later in the day.

I saw you about this matter at 11.30 and as agreed had a preliminary and informal word with Mr. Drew[3] about the developments outlined above. I told Mr. Drew that after we had heard from Mr. Wrong again you might wish to consult with him and the other Leaders. Mr. Drew expressed satisfaction at my message and my preliminary observations, and said that he would be glad to discuss the matter further with you in the afternoon, if developments made that desirable.[4]

. . .

[3] George Drew, député progressiste-conservateur de Carleton et chef de l'Opposition.
George Drew, Progressive Conservative M.P. (Carleton) and Leader of the Opposition.

[4] La deuxième moitié de cette note est imprimée sous le titre de document 31.
The second half of this memorandum is printed as Document 31.

12. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1412 Washington, June 27, 1950

SECRET. IMMEDIATE.

KOREA

1. George Perkins was in the Chair, assisted by George Kennan, when the Ambassadors of the North Atlantic Treaty countries assembled at the State Department at 11:30 this morning. All the North Atlantic Treaty countries were represented except Luxembourg.

2. George Perkins explained that this meeting was not to be regarded as an emergency meeting of the North Atlantic Council. It had been decided to invite the Ambassadors of the North Atlantic Treaty countries as representatives of countries friendly to the United States in order that they might be informed of action which the President had decided to take to restore the situation arising from the invasion of South Korea by forces from North Korea.

3. Perkins read out the statement which the President issued at twelve noon today, the text of which I am sending in my immediately following teletype.† You will observe that the reference to Communist instigation of the attack has been reworded to omit reference to direct Soviet responsibility, to accord with the wishes expressed by the United Kingdom Government. Franks spoke briefly on this point, emphasizing that in the view of his Government it was essential to give the Russians an opportunity to beat a retreat when confronted by what he described as "the welcome manifestation of American power and determination".

4. The interesting part of the proceedings was an explanation furnished by George Kennan of the background of the considerations which led to the President's decision to order United States air and sea forces to give the Korean Government troops cover and support, and to order the Seventh Fleet to take action to prevent attack on Formosa, as well as to give further support to the Philippines and to accelerate assistance to the forces of France in Indo-China.

5. First of all, Kennan gave an analysis of the State Department's appreciation of the motives of the Communists who had been responsible for launching the attack. While stressing that this motivation was based on a mixture of considerations, he cited three factors in particular:

(a) That they thought that the time had arrived at which the arming and training of the forces of North Korea had reached a stage of completion to permit successful operations against South Korea;

(b) A realization on the part of the Soviet Government that Russia would have nothing to do with the Japanese Peace Treaty, at least in so far as its military

aspects were concerned, and a desire to strengthen their strategic position in the Far East;

(c) That there was no evidence that the Soviet Government had envisaged at this time the action in Korea as developing into general war, or were conscious that it involved great risks. Kennan said that the United States experts had come to the considered opinion that the Soviet Government at this time was only willing to engage itself in a limited risk and had therefore provided itself a way out by the charge that the South Koreans had initiated the attack.

6. Turning next to the motivations of the United States policy in respect to the Korean situation, Kennan said that, in the first place, the President's decision was not dictated by any overpowering consideration of the strategic importance of Korea itself. The outstanding fact confronting the advisers to the President was the way the attack had been carried out, and that its timing was intended to give this Communist action a "tremendous symbolic significance", not only in the Far East but in the rest of the world. If the reaction of the United States Government and the rest of the free world showed a lack of determination and strength, the repercussions would be very serious.

7. Developing this concept in relation to specific territories, Kennan said that in Japan alone the results would be very serious. It was the view of all United States experts that any show of weakness on the part of United States occupation forces would have very grave consequences indeed.

8. Formosa was in all probability next on the Communist timetable, and the position there undoubtedly would be affected drastically by the outcome of events in Korea. The United States had been careful to show no inclination to intervene politically in Formosa. The action now to be taken was intended only to prevent armed attack on the Island. As a necessary corollary the Chinese Government was being called upon to cease air and naval operations against the mainland. Kennan said that the State Department expected no difficulties in getting Chiang's agreement, as he would have the best of the bargain in obtaining protection for Formosa. Kennan went on to say that there was absolutely no intention on the part of the United States Government to pre-determine the disposition of Formosa by this action. The ultimate disposition of Formosa he thought might be determined by the United Nations in accordance with the general security interests of the Pacific area and taking into account the interests of the Chinese people. The present action was only short-term action and dictated by the immediate requirements of the peace and security of the Pacific. The Philippines, Kennan said, were likewise most directly affected by developments in the security situation in Formosa. The Government there was already pressed on account of Communist agitation, and it was therefore essential to strengthen the Philippines by more direct and accelerated military assistance.

9. Finally, turning to the broader justification of United States action in respect of Korea at this time, Kennan said that it was fully realized that there was an element of risk involved in taking the action now decided, but that the risk of not taking action would be greater. The cover and support for South Korean forces did not constitute an act of hostility against the Soviet Union. The military action now

authorized arose directly out of the responsibilities of the United States generally for the maintenance of international peace and security in the Pacific area, and specifically for the maintenance of the security of Japan as the power responsible for its occupation. It was his understanding that United States forces were under instruction not to operate beyond the 38th parallel in Korea. If elements of Soviet personnel were to appear south of that parallel, a completely different situation would be created and new action would then have to be considered on the part of the United States Government. Summing up, Kennan emphasized that the United States Government took the view that it was dealing with a purely local situation involving a disturbance of international peace and security resulting from an attack by dissidents in Korea against the properly established Government, the Republic of Korea. They were acting in the spirit of the United Nations resolution which called upon all members of the United Nations "to render every assistance to the United Nations" in the execution of the resolution adopted by the Security Council last Sunday.

10. In the course of the brief discussion which followed, one or two points of interest came up which are worth reporting. On the timing of the United States decision, Kennan stressed the serious practical difficulties involved in co-ordinating the many civil and military authorities under the United States system of Government, both in Washington and in the area involved. This accounted for the fact that the United States Government had been unable to consult with friendly nations before taking their decision. Events, moreover, had developed so quickly and the military situation had deteriorated so rapidly that Kennan expressed some doubt whether even now the action which would be taken would restore the situation in South Korea. He said that orders had already gone out to General MacArthur during the course of the night to take the military action authorized in the President's statement and the United States representative in Formosa had already received his instructions to approach Chiang.

11. Having in mind your views regarding timing of the President's statement in relation to Security Council action, I asked about the State Department's view of the legal basis for the action announced in the President's statement in relation to the Security Council resolution adopted last Sunday and the resolution to be introduced this afternoon. Kennan admitted that the question of legality might indeed be raised, but explained that the United States Government regarded itself as fully covered by the previous Security Council resolution calling upon "all members of the United Nations to render every assistance to the United Nations". As the only country with forces available in immediate proximity to the area in which international peace and security had thus been disturbed, and also having in mind the primary responsibility of the United States for the security of Japan as well as for the general peace and stability in that part of the Pacific, the United States Government felt it had no alternative but to take the action now authorized as a measure of assistance to the United Nations in restoring and maintaining international peace and security in the area affected.

12. Some reference was also made to the implications of the events in Korea upon security in Europe. Kennan mentioned that the State Department had received messages from Paris and The Hague expressing concern that the attack in Korea

represented a real test by the Communists of the United States policy of peace through strength. Kennan underlined the possible implications which the events in Korea might have, particularly in regard to Germany. If the Communist efforts in Korea and other weak spots in the Pacific were successful, he had no doubt that a similar test of strength would follow in Germany. There was no disposition on the part of the Ambassadors to disagree with this view and several of them expressed general agreement with, and appreciation for, Kennan's review of the background of the considerations which had led to the President's decision on Korea.

13. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1417 Washington, June 27, 1950

SECRET. IMMEDIATE.

KOREA

1. In other messages today I have described the action taken by the United States Government and the reasons given by the State Department which led to the decision of the President. This message contains some thoughts of my own.

2. Since I learned on Sunday morning of the attack on South Korea I have been in doubt whether the necessary degree of resolution and military strength would be forthcoming here to defeat what must certainly be an effort directed from Moscow to undermine the position of the Western countries, and of the United States in particular, in the Far East. The President's decision and the reasons given for it go much further than I had expected and reveal that the United States, in spite of domestic controversy over Far Eastern policy, can promptly adopt firm and far-reaching measures. I share the belief expressed today at the State Department that the risks of inaction are greater than the admitted risks of the steps announced. The resolution and prompt action of the United States should obliterate in this context haunting memories of the results of indecision and attempts at compromise in relations with Germany, Italy and Japan in the years before the war.

3. One striking feature has been that the United States has shouldered the load which it alone was in a position to carry, without seeking to secure pledges of material assistance from other countries in advance. They are concerned, of course, to establish that their action is in support of the United Nations and in conformity with the recommendations of the Security Council, but initially at least they are now seeking from other friendly countries no more than moral and diplomatic support. At this morning's meeting at the State Department no word was said in favour of more direct aid by other countries, and it was positively asserted that only the United States was able to undertake any immediate measures.

4. These decisions should, in time, bring to an end much of the domestic dispute over Far Eastern policy. They should also establish to the satisfaction of all but a few bigoted isolationists that no return is now possible to the old attitude of complacent self-sufficiency in international affairs. Of course, if the Soviet Government reacts violently and itself takes over military action in support of North Korea, no-one can tell into what we shall all be led. I think however, that I am right in saying that the last occasion in which the Russians risked direct military action to extend their sphere was their own attack on Finland in 1939. The other extensions of their sphere have come either as a result of general war or by the process of internal subversion.

5. One important aspect of this decision is that it makes amends for the now evident inadequacy of United States policies in South Korea over the last year or so, which left the Republic unprepared in terms of defensive arms, such as anti-tank and anti-aircraft guns and stocks of ammunition, and which were presumably based, in part, on inadequate intelligence and faulty appreciations of the actual situation.

6. With regard to the measures taken, only the event can tell whether the military assistance afforded will have come soon enough and will be sufficient to accomplish the objective. If naval and air support alone cannot enable the South Korean forces to expel the invaders, the way is still open for the commitment of ground forces if necessary. I can only assume that the decision was based on the best military appraisal of what was immediately required and could be provided in the shortest possible time.

7. The President's announcement also seems to leave the Nationalist Government on Formosa in the strange position of being reduced to the status of a Chinese Government-in-exile, subject to orders from the United States, which is permitted to retain control for the present of an Island the eventual status of which is undetermined, but is not permitted to dispute control of the Chinese mainland. The boldness and simplicity of this attack on the recurrent Formosa problem do not mean that it will not continue to be an international headache, and there will undoubtedly be further explanations required from the Administration.

8. It is too early to judge with any certainty what the reaction of public opinion in this country will be, but the first indications are distinctly encouraging. I hope that in any public comment you may be called on to make you will feel able to welcome in cordial terms the action announced by the President. A statement on these lines by the Canadian Government, together with the endorsement already given in London, would be of real value to the Administration.

14. DEA/50069-A-40

Le délégué permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations to Secretary of State for External Affairs

TELEGRAM 408 New York, June 27, 1950

IMMEDIATE

Following is revised text of United States draft resolution on Korea submitted to Security Council 27th June, 1950. Text Begins: "The Security Council,

HAVING determined that the armed attack upon the Republic of Korea by forces from North Korea constitutes a breach of the peace,

HAVING called for an immediate cessation of hostilities, and

HAVING called upon the authorities of North Korea to withdraw forthwith their armed forces to the 38th parallel, and

HAVING noted from the report of the United Nations Commission for Korea that the authorities in North Korea have neither ceased hostilities nor withdrawn their armed forces to the 38th parallel and that urgent military measures are required to restore international peace and security, and

HAVING noted the appeal from the Republic of Korea to the United Nations for immediate and effective steps to secure peace and security,

RECOMMENDS that the members of the United Nations furnish such assistance to the Republic of Korea as may be necessary to repel the armed attack and to restore international peace and security in the area." Text ends.

15. DEA/50069-A-40

Le délégué permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations to Secretary of State for External Affairs

TELEGRAM 409 New York, June 27, 1950

CONFIDENTIAL. MOST IMMEDIATE.

KOREA

Reference my telephone conversations with LePan.

At this afternoon's session of the Security Council the United States and Yugoslavia presented their resolutions,[5] and the former was given unequivocal support by the United Kingdom, France, China, Cuba, Ecuador and Norway. Austin quoted Truman's statement and most of the other representatives expressed explicit gratification with what the United States had done.

There were reports that Rau would propose a meeting between Stalin and Truman, but he assured the Americans that he would not do so with specific reference to Korea. He began the session with a reference to the effect on Indo-Pakistan relations of the meeting between Liaquat and Nehru this spring but left the council to draw its conclusion.

Rau wished to adjourn the session until to-morrow, as he had received no instructions, but the Americans insisted that the Council must support their action with a decision today. The most they would agree to was a few hours adjournment. (The discussion on this question was, of course, in private). The Americans had every sympathy with the Indians and Egyptians and would very much have liked their affirmative votes, but they considered it more important to have a decision today — especially as there was no certainty of Egyptian and Indian support in the end.

After several postponements, the Council met again after ten o'clock. Fawzi expressed great regret at not being able "for physical and geographical reasons" to vote. The issue was too grave for him to vote without having received his instructions. He formally reserved the right of his Government to communicate its views through the appropriate channel not only on today's resolution but also on Sunday's hinting in not very clear language that they may wish to suggest "additions if not exactly variations". His position on the voting would be that of "non-participation".

Rau then said that India had voted for the resolution of the 25th. That was an important step, but the issues in the present resolution were far more momentous and he could not take the responsibility of voting without instructions. He was deeply apologetic for having held up the Council and not having succeeded in his attempt to communicate with Delhi. India, with the exception of China was closest to the scene of all those in the Council, and his Government must weigh all the consequences. His position likewise was that of "non-participation".

Voting on the resolutions was as follows:

United States resolution: 7 in favour; Yugoslavia against; no abstentions; 2 non-participating.

Yugoslav resolution: One in favour; 7 against; no abstentions; 2 non-participating.

As the meeting was on the point of adjourning calls came through from Alexandria and Delhi. The Council waited for a few minutes until it was suddenly and without explanation adjourned by the Acting President, Menon of India. The rea-

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[5] Pour la résolution de la Yougoslavie, voir *Conseil de Sécurité, procès-verbaux officiels,* cinquième année, 474e réunion, document ONU s/1509, p. 7.
For the Yugoslavian resolution, see *Security Council Official Records*, Fifth Year, 474th Meeting, U.N. Document S/1509, p. 7.

son, I learned afterward, was that the telephone communications had again failed. Rau had not been able to hear a word Nehru was saying. Cordier told me the adjournment was *sine die*.

During the intermission I had a talk with Ambassador Chang of Korea who had virtually collapsed of relief over the day's events. He was very bitter, however, about the postponement of the Council's decision which, he said, might cost thousands of Korean lives. I took the opportunity of expressing to him our sympathy with his country, and he seemed gratified.

16. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
à toutes missions à l'étranger

Secretary of State for External Affairs
to All Missions Abroad

TELEGRAM Ottawa, June 28, 1950

SECRET

Following from Heeney, Begins: You may wish to have our preliminary appreciation of the situation which has been created by the attack on the Republic of Korea. This appreciation is based on statements made by the Minister at an off-the-record press conference yesterday.

2. Strategically, the loss of Korea, south of the 38th Parallel, would not result in any substantial weakening of the forces now available to the anti-Communist world. Indeed, it seems likely that United States strategists had clearly anticipated that South Korea could not be held indefinitely against determined Communist attacks, although it is equally clear that they were caught napping by the events of last weekend. The failure of the United States intelligence services to provide Washington with some warning of the stroke (which must have been in preparation for at least some days) is one of the most puzzling features of the attack. On the other hand, the fact that forces had been massed on both sides of the frontier for some months may have provided a cover which masked the invaders plans.

3. If the strategic consequences of the loss of Korea would not be serious, the moral consequences would be grave in the extreme. A state which had been created by the United Nations would have been destroyed by naked aggression. And other countries, particularly in South and South-East Asia, which are open to Communist attacks would be disheartened and demoralized.

4. The success of efforts to save Korea will depend, of course, almost entirely on what action it proves possible for the United States Government to take. The statement made by Mr. Truman at noon today [June 27] seems to us a courageous step. But there is still some doubt as to what degree of military intervention the President is prepared to authorize and also as to how far it will be possible for the United States to limit its involvement in the conflict once air and naval forces have been committed to action.

5. Speculation at this stage is particularly risky; but it is not (repeat not) our view that the attack on Korea is likely to herald a new series of outbreaks. In all probability there will not be a chain reaction. Our tentative view is that the Communists decided to strike in South Korea in order to gather up one of the few remaining fragments in Asia now outside their control before the Military Defence Assistance Programme of the United States could become fully effective in the Far East and before a new and vigorous United States policy in that area had become crystallized. At the moment, however, it is impossible to rule out entirely the contingency that even the most far-reaching and catastrophic events may be precipitated.

6. In any case, even if the war in Korea can be localized, this act of aggression is bound to lead to further deterioration in the relations between the Communist and non-Communist worlds, especially since, for the first time, the Communists have chosen to try to achieve their ends by bare-faced, old-fashioned military invasion. It may be argued that the fighting now taking place is really a form of civil war, since the bulk of the combatants on both sides are undoubtedly Koreans. But this argument can hardly stand up against the contention that the Republic of Korea is an independent State with a government created by action of the United Nations.

7. The consequences for the United Nations itself are also bound to be serious. The ten proposals made by Mr. Lie now have a somewhat academic air.[6] Moreover, countries contemplating recognition of the Peoples Government in Peking will inevitably find such action more difficult in the present changed climate of opinion; and there will therefore be less hope of success for efforts to regularize the situation within the United Nations by seating a representative of the Peoples Government in Peking. If at the meeting of the Security Council on Sunday, the Soviet Union and the Peking Government had been represented, they would have been able to use delaying tactics and ultimately to veto the resolution. On the other hand, their presence would have made it easier to press home the charges against those responsible for the aggression and to force them to answer for their complicity.

8. It will probably be argued by Soviet apologists that the resolution passed by the Security Council on the 25th of June is illegal because it was not passed with the concurring votes of all the permanent members. In rebuttal, it could be urged that the practice by which an abstention of one of the permanent members has been construed to be equivalent to assent could be extended to cover as well the absence of a permanent member. These legal disputes, however, are perhaps immaterial when set beside the plain fact that the United States has secured a condemnation of this Communist attack by all those members of the Security Council which were present (with the single exception of Yugoslavia, which abstained) and has thus obtained strong moral support for whatever military measures it feels able to take in Korea. Ends.

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[6] Voir Canada, ministère des Affaires extérieures, *Le Canada et les Nations Unies 1950*, Ottawa, Imprimeur du Roi, 1951, p. 46.
See Canada, Department of External Affairs, *Canada and the United Nations 1950*, Ottawa: King's Printer, 1951, p. 46.

17. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], June 28, 1950

. . .

EXTERNAL AFFAIRS; KOREAN SITUATION

8. *The Secretary of State for External Affairs* reported that recent information indicated that the South Korean position was deteriorating rapidly and that the capital had been lost to the North Korean forces. It appeared that the United States would have to act quickly and in all probability with more than air and naval forces. A recent telegram† from the Canadian High Commissioner in London reported that consideration was being given by the U.K. authorities to placing a naval force at the disposal of General MacArthur. In addition, the question of providing land forces from Hong Kong was being studied.

9. *Mr. Pearson* said that some weeks ago the Canadian Government had received a request from the United Nations to provide two military officers for the U.N. Observation Corps in Korea. These could be either Permanent Force or Reserve Force officers. Recently the Secretary-General had indicated that the latest developments made it even more desirable that Canada comply with this request and it was felt that to do so would be an indication of our good will.

10. *The Minister of National Defence* believed that, with respect to other aid, the only practical contribution that could be made at the present time appeared to be provision of a number of Canadian destroyers and possibly a small squadron of transport aircraft. While it was considered that more naval forces would probably be available than necessary, nevertheless a Canadian contribution might be a desirable gesture. Information regarding the desirability of Canadian participation and the form it might take could be sought from the Secretary-General of the United Nations and from the military authorities in Washington.

11. *The Prime Minister* suggested that any Canadian action should follow from a concerted U.N. decision and as a result of joint action. It would be helpful if the Secretary of State for External Affairs and the Minister of National Defence were to obtain all possible information on the desirability of Canadian participation and of form in the Korean war as soon as possible.

12. *The Cabinet*, after further discussion, agreed:

(a) that two military officers be made available to the U.N. Observation Corps in Korea as soon as possible; and,

(b) that a decision on what form Canadian assistance in enforcing the Resolution of the Security Council might take be deferred pending the obtaining of all possible information by the Secretary of State for External Affairs and the Minister of National Defence on the need for and availability of such assistance.

. . .

18. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1011 Ottawa, June 28, 1950

TOP SECRET

Following for the Ambassador from Heeney, Begins: You will be receiving separately the text of the statement made by the Minister in the House of Commons this morning. As I said on the telephone he welcomed the firm stand taken by the United States within the framework of the United Nations and indicated clearly the Canadian Government's support. His statement was apparently well received on all sides of the House. Mr. Graydon and Mr. Knowles for the Conservative and C.C.F. parties expressed full agreement with Mr. Pearson's statement.

2. The Cabinet met this afternoon and, considering what Canada might do in response to last night's Resolution of the Security Council, agreed as follows:

(a) to send to Korea the two Canadian observers which the U.N. Secretary General has been urging us to do;

(b) to instruct Holmes to enquire in New York what other "like-minded" United Nations were doing or proposed to do in response to the Security Council's Resolution; and

(c) to have Air Vice Marshal Campbell enquire in Washington through Service channels what kind of contribution on the part of Canada would be most acceptable and effective; in particular Campbell was to enquire whether the despatch of two Canadian destroyers from the Pacific Coast to MacArthur's Command would be useful.

3. Holmes is being instructed this afternoon in the sense of (a) and (b) of the preceding paragraph. The reference to (c) at the moment is solely for your own information. Campbell is to receive instructions from National Defence, the Cabinet being categorical that these enquiries should be conducted through Service channels only. Ends.

19. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1422 Washington, June 28, 1950

SECRET. MOST IMMEDIATE.

Repeat Permdel No. 35.

1. Perkins, who is responsible for liaison with North Atlantic countries on Korea because of the great pressure on other senior officers of the State Department, asked me to see him this afternoon in connection with your statement in the House this morning. Neither of us had seen the full text. He had a brief report from the United States Embassy. He said that they were very gratified by your general line and in particular by your indication that the Government was considering means of Canadian participation.

2. He went on to say that the Administration attached great importance to securing the participation of other countries in the application of the resolution of the Security Council. They earnestly hoped that something more specific would be forthcoming promptly from Canada and some other countries in order to make the action to restore conditions in Korea a collective action under the auspices of the United Nations.

3. He had asked me to see him today in the hope that some further statement might be cleared in Ottawa this afternoon or evening. I told him that I thought the necessary Ministerial consultation could at best not take place before tomorrow morning or possibly Friday, but that I would report the views of the State Department to you at once.

4. We discussed briefly what form Canadian participation might take. He said that at the moment they were more concerned that a definite undertaking to participate in collective action should be made in a public statement than with the designation of specific forces. Expressing a personal view, I said that probably the easiest thing might turn out to be the despatch of perhaps two destroyers to Far Eastern waters. He remarked that because of the great length of the Korean coastline he was sure that this would be very welcome and useful. While the bulk of the load must obviously be carried by the United States, even token contributions from other countries would, from a diplomatic and moral point of view, be of substantial value.

5. He had only received a brief press summary of Mr. Attlee's offer to give naval assistance, and, while this was most welcome, he was a little disturbed by press reports to the effect that Mr. Attlee had talked of this as giving aid to the United States. The State Department would much prefer that any assistance rendered should be given to the Korean Republic under the resolution of the Security Council, although, of course, consultation with the United States military authorities would be essential. I said that I had understood from a telephone conversation with

Heeney that you had told the House this morning that the Canadian Government would consult with other members of the United Nations on the part that Canada might play in applying the resolution in question. This, I think, is just the line they want other countries to follow in this connection.

6. I gathered from this talk that offers of assistance should not, in the view of the State Department, be addressed to the Security Council, which has no responsibility for directing the operations now in progress.

20. DEA/50069-A-40

Note du chef par intérim de la Direction des Nations Unies pour le sous-secrétaire d'État aux Affaires extérieures[7]

Memorandum from Acting Head, United Nations Division, to Under-Secretary of State for External Affairs[7]

SECRET [Ottawa], June 28, 1950

This afternoon, about 5.30 p.m., Mr. Wrong telephoned me to let us know that his most immediate teletype WA-1422 of the 28th of June, reporting on a conversation he had had about an hour previously with George Perkins of the State Department, was on its way. In the course of the conversation Mr. Wrong passed on a number of points of interest which are not contained in his teletype.

2. In the teletype it is stressed that the State Department are anxious that the Canadian Government should announce some concrete measures as quickly as possible. When I said over the telephone to Mr. Wrong that there did not seem to me to be any mid-way point between such a statement as Mr. Pearson made this morning in the House of Commons and an announcement that the Canadian Government was sending forces to Korea (perhaps two destroyers), he said that in the State Department's view a highly valuable statement could be made which would yet fall somewhat short of the clear-cut decision to despatch Canadian forces. The Canadian Government could announce, for example, that it was prepared to make two destroyers available for the defence of Korea and would consult urgently with other members of the United Nations who are in a position to contribute forces, with a view to determining whether such vessels would be useful and, if so, how they could best be employed. This suggestion, incidentally, amplifies and elucidates the last paragraph of Mr. Wrong's teletype, in which he reports that "offers of assistance should not, in the view of the State Department, be addressed to the Security Council, which has no responsibility for directing the operations now in progress."

3. Mr. Wrong also had some information of interest about the present military situation in Korea. Perkins had told him that United States aircraft now operating over Korea were experiencing difficulty in finding targets. They were attacking whatever tanks they could spot. But they did not know where else to direct their fire since their communications with the Korean ground forces were highly ineffective. Perkins thought that it would be necessary almost at once to land some United

[7] Note marginale :/Marginal note:
Mr. Heeney: Paragraph 2 is important. E. R[eid]

States technical units, particularly signalmen, in Korea in order to maintain liaison between the ground and air forces. Mr. Wrong and I agreed that this would appear to be only the beginning of a process which perhaps gradually, but inevitably, would involve the commitment of United States ground forces of all arms and services to the fighting in Korea.

D.V. LEPAN

21. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET Ottawa, June 29, 1950

. . .

KOREAN SITUATION

9. *The Prime Minister* reported on further developments in the Korean conflict and on the possible steps that might be taken by Canada to support the United Nations resolution and the lead taken by the United States.

10. *The Cabinet*, after further discussion, noted the report of the Prime Minister and deferred decision on any further statement to be made or action to be taken with respect to the Korean situation pending consideration in the light of further developments.[8]

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[8] La conclusion du Cabinet comprenait la note infrapaginale suivante :
The Cabinet Conclusion contained the following footnote:

N.B. The Prime Minister met with the Secretary of State for External Affairs, the Minister of National Defence and the Minister of Trade and Commerce on Thursday, June 29th, at 11.30 p.m. and again on Friday, June 30th, at 10.00 a.m. in his office in the House of Commons. A draft statement was approved covering a possible contribution by Canada to aid United Nations operations in Korea (naval units). This statement was read in the House by the Prime Minister at 10.30 a.m., Friday.

(Memorandum, Secretary of State for External Affairs to Prime Minister, July 4, 1950 [Documents 11 and 31]; unrevised *Hansard*, Friday, June 30, 1950 p. 4459)

22. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1033 Ottawa, June 30, 1950

SECRET. IMMEDIATE.

Following for the Ambassador from Heeney, Begins: In this morning's statement in the House the Prime Minister referred, as you know, to possible employment of Canadian Naval units in operations in the Korean situation.

2. Mr. St. Laurent said in effect that the West Coast destroyers which had been intended to participate in a European cruise this summer would now move into "Western Pacific waters where the ships would be closer to the area where they might be of assistance to the United Nations and Korea, if such assistance were required".

3. Orders have now been given for two destroyers to sail from Esquimalt for Pearl Harbour early next week, to be followed shortly by a third. The Commanding Officer[9] has been told that he can expect orders later. The intention is of course that these vessels will be placed under the operational orders of whatever Commander is clothed with the authority of the United Nations.

4. We expect, of course that the U.N. Commander will in the event be a U.S. officer, probably MacArthur. Nevertheless since the Government attach very great importance to maintaining the U.N. aspect of the Korean operations we have avoided and will continue to avoid any suggestion that the aid we are giving is assistance to the United States. We are quite sure that U.S. authorities themselves share this view.

5. Holmes has been instructed as a matter of urgency to inform the Secretary General of the views expressed in my preceding paragraph. It seems to us that the simplest course would be for the Security Council to give MacArthur a mandate to organize and direct the forces now being made available by various members of the United Nations. We understand that informal consultations have been taking place in New York today looking toward such an act of devolution. It is our hope that some such arrangement may be completed without delay. There would be no need to have the Security Council involved in strategic direction, which we realize would be objectionable.

6. The press here are being told that our destroyers will sail from Esquimalt early next week for the Western Pacific and in answer to any further enquiries are being referred to the Prime Minister's statement in the House of Commons this morning.

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[9] Capitaine Jeffrey Vanstone Brock.
Captain Jeffrey Vanstone Brock.

7. I understand from our telephone conversation a few minutes ago that you will tell the State Department at once of the action which is being taken here and explain the reasons for it. Please keep A.V.M. Campbell informed, particularly in view of his conversations earlier this week with United States service authorities. Ends.

23. DEA/50069-A-40

Le délégué permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations to Secretary of State for External Affairs

TELEGRAM 421 New York, June 30, 1950

CONFIDENTIAL. IMMEDIATE.

Repeat Washington No. 34.

KOREA

Following for Heeney, Begins: Your telephone call this morning. I have not been able to communicate with the Secretary-General as yet, but I have told Cordier that I have been asked to communicate to the Secretary-General as quickly as possible the very strong view of both the Prime Minister and Mr. Pearson on the importance of giving full and ostensible United Nations aegis to the operations against the North Koreans. I said that the Canadian Government attached the highest importance to this aspect of the present endeavour. I indicated that we were not proposing any particular formula and that we knew that this matter was under urgent consideration, but that the Prime Minister and Mr. Pearson thought it particularly desirable to clothe General MacArthur immediately with a United Nations authority. Cordier said "we agree with you a hundred percent". He seemed very pleased to know at this time that the thinking in Ottawa was along these lines. He said that they were working hard on the question at the moment and hoped that it might be possible for the Security Council to take action about MacArthur's position this afternoon.

2. Cordier said that he would convey the Prime Minister's and the Minister's views to the Secretary-General immediately. Nevertheless I will endeavour to speak personally to the Secretary-General as soon as possible. I understand that he is at the moment engaged on this very question.

3. Cordier did not imply in any way that there was a dispute with the Americans or anyone else on this issue, and I should like to emphasize, as I said on the telephone, that I believe the Americans to be quite as anxious as we are to make this a United Nations rather than a United States operation. I have been discussing this question with both the British and Americans for the past thirty-six hours, and both are obviously bending as far as possible to give this all the characteristics of a United Nations project. For a short time they considered working through the

Military Staff Committee but quickly rejected this idea because of the position of the Russians if not as participators at least as receivers of documents. They then considered a Security Council sub-committee to coordinate military activities, but realized that effective coordination could not be achieved in this way. Some members of the Security Council, they thought, would prefer not to be involved in questions of strategy. Furthermore a United Nations subcommittee is hardly a body to make tactical decisions and work in fields involving a high degree of security. Both the British and American view tends towards the conclusion, however, that there must be some United Nations cover for the operation and that pledges of support should be made to the United Nations and certainly not to the United States, although coordination of forces involved will inevitably be on an ad hoc basis and will in fact mean primarily tactical coordination with the United States forces. The United States delegation view as to how countries might in the present stage determine the nature of their contributions is that they should make private enquiries of the United States military, who are the only ones in a position to know what is needed, and then make a public announcement that forces along this line are being offered in support of the United Nations.

24. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1444 Washington, June 30, 1950

SECRET. IMMEDIATE.

Repeat Permdel No. 38.

KOREA

1. With reference to Heeney's telephone conversation with me, I spoke from Hickerson's office where I had gone to leave the text of the Prime Minister's statement this morning and to discuss the question of bringing the command of the operations under the aegis of the United Nations in some manner.

2. Hickerson assured me that this had been under very active consideration since the decision was taken to employ American forces. The administration could not easily accept the direct designation of MacArthur by the Security Council as Commander because of the serious risk that this would involve interference in the conduct of operations by the Security Council or Secretary-General. They had given thought to a number of alternatives because they are themselves anxious that the whole affair should be conducted throughout as an operation in support of the United Nations.

3. They have rejected for the present the idea that the Security Council might ask the Republic of Korea to designate the Commander, as this would imply that he

drew his authority in some measure from that Government. If, for instance, Korean morale slumped heavily or if the President were taken prisoner, the Korean Government might conceivably dismiss MacArthur.

4. There are also difficulties in the way of naming MacArthur personally as Commander through whatever procedure might be adopted. If he were incapacitated, it would be necessary to name a new Commander and it would, therefore, be more satisfactory to designate the United States Commander in the area as the Supreme Commander.

5. There are serious legal difficulties about the formal designation of the United States forces as United Nations forces. The act covering United States participation in the United Nations only authorizes forces made available under Article 43[10] of the Charter to operate as United Nations forces outside the authority of Congress. Congressional control is retained under this Act of any other forces made available to the United Nations, which technically remain United States forces operating to enforce Security Council decisions.

6. There remain three possible solutions which they are now considering:

(a) That the Security Council should ask the United States to take command of the forces offered by any members of the United Nations;

(b) That the Security Council should request the participating countries to establish a unified command; and

(c) That the Security Council should note with approval that the forces provided by all members are operating under a unified command.

7. The last of these is the easiest, but I am not sure that it would adequately meet your point of view. As these matters are under very active consideration in the State Department, your comments would be welcome as soon as possible.

8. I have not repeated in this message the objections to a fairly direct form of United Nations control which Hickerson made to me, as these are clearly stated in paragraph 3 of Holmes' message to you No. 421 of today.

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[10] En vertu de l'article 43, les États membres doivent, sur demande, mettre des forces militaires à la disposition du Conseil de sécurité afin de maintenir la paix et la sécurité internationales. La contribution de chaque État sera définie par un accord spécial négocié avec le Conseil de sécurité.
Article 43 requires member states to make military forces available to the Security Council on request in order to maintain international peace and security. Under the terms of this article, each state's individual contribution is to be defined in a special agreement negotiated with the Security Council.

25. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1447 Washington, June 30, 1950

SECRET. MOST IMMEDIATE.

Repeat Permdel No. 40.
Following for Heeney from Wrong, Begins: Hickerson has just given me the gist of a proposed resolution on the command problem which is acceptable to the Department of Defense but has not yet been considered by Acheson and his senior group in the State Department. He asks for our informal views as soon as possible as I think they would like to get the matter cleared in the Security Council very promptly. I gather the Security Council is on call for another meeting on very short notice.

2. After the usual preamble the Security Council in the resolution would welcome the prompt and vigorous support for the enforcement of its resolutions of Sunday and Tuesday. It would then note with gratification that a number of members have offered assistance to the Republic of Korea and would request the Secretary-General to inform the Korean Government of all these offers. Finally, it would recommend that all members providing forces under the Security Council resolutions should place these forces under the unified command of the United States.

3. The only alternative for which he thinks he might get support would be a recommendation that the members contributing forces should agree on a unified command. This is not so acceptable to the Defense authorities here and leaves the matter open for some further collective action by the members concerned. Ends.

26. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
au délégué permanent par intérim auprès des Nations Unies

Secretary of State for External Affairs
to Acting Permanent Delegate to United Nations

TELEGRAM 305 Ottawa, June 30, 1950

SECRET. MOST IMMEDIATE.

KOREA

Following for Holmes from Heeney, Begins: The Prime Minister made a further statement on Korea in the House of Commons this morning. The full text will be

sent to you by teletype as soon as the *Hansard* version has been corrected and should reach you before one o'clock.

2. Will you please arrange, if at all possible, to see Mr. Lie between one and two o'clock this afternoon:

(a) You should put into his hands a copy of the Prime Minister's statement and draw his attention particularly to the passage referring to the type of assistance which Canada might be able to make available so that he will be able to mention this in his summary at the meeting of the Security Council this afternoon of the offers of assistance which have been made by various members of the United Nations.

(b) You should also make clear to him the great importance which the Canadian Government attaches to the necessity of clothing General MacArthur with the mantle of the United Nations. It is the Government's view that the best way to demonstrate that General MacArthur is acting under the auspices of the United Nations is for the Security Council to give him its mandate to organize and command the forces now being made available by members of the United Nations for the defence of Korea. In communicating these views to Mr. Lie you should inform him that you are speaking with explicit authority both from the Prime Minister and Mr. Pearson. Ends.

27. DEA/50069-A-40

Le délégué permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations to Secretary of State for External Affairs

TELEGRAM 426 New York, June 30, 1950

SECRET. MOST IMMEDIATE.

Repeat Washington No. 35.
Your telegram No. 305 of June 30th — Korea.

As your telegram No. 306† containing the text of the Prime Minister's statement reached me only a few minutes before two o'clock, I was unable to present it to the Secretary-General as you requested. However, I prepared a covering despatch† to the Secretary-General in which, in accordance with your instructions, I drew his attention to the passage referring to the type of assistance "which Canada might be able to make available". This together with the text I took immediately to Lake Success. As I arrived at twenty to three, it was impossible to see the Secretary-General immediately, and I delivered the statement to Cordier so that it might be made available in time for the Council. Cordier had it prepared as a Security Council document which was distributed within an hour.

2. During the course of the Security Council meeting, the unhappy Zinchenko as Assistant Secretary-General was called upon to read a summary of all the communications made to the Secretary-General on this matter. The summary included the

unfavourable comments of the Soviet Union and Satellites, but consisted for the most part of the highlights of the communications from countries offering support. This group had been swollen by a considerable number of Latin American countries, including Argentina, which offered moral support but avoided material commitments. The summary was, of course, prepared by the Secretariat which had not had time to consult with delegations. In referring to the Canadian communication, Zinchenko said simply that a letter had been received from the acting representative enclosing the text of a statement made by the Prime Minister, in which Mr. St. Laurent stated that naval units which were proceeding to Western European waters for summer exercises would be moved into Western Pacific waters where the ships would be close to the area where they might be of assistance to the United Nations and Korea if such assistance were required. No reference was made to the other parts of the Prime Minister's statement.

3. When I delivered the statement to Cordier, I drew his attention to the emphasis which the Prime Minister had made on the United Nations character of the operation, and emphasized again what I said to him on the telephone earlier, that the greatest importance was attached in Ottawa to this aspect. A short time later I managed to speak to the Secretary-General. I repeated to him what I had said to Cordier, and in order to make these representations explicit I read to him the substance of paragraph (b) of your telegram No. 305. Mr. Lie indicated that he had already heard our views from Cordier and was very pleased to have them. He indicated agreement with the views and urged us to communicate these views to the Americans and the British.

4. I had a conversation with Jebb in which I interpreted to him the views of the Canadian Government. He expressed agreement with this approach and said that he had been engaged in long discussions with the Americans on the subject. The United Kingdom, he said, were also anxious that the operation should be ostensibly a United Nations operation, and he confirmed my opinion that the United States was in agreement in principle. He pointed out, however, that there were serious difficulties which the Americans faced and he thought we ought not to press them too hard at the moment, particularly in view of the announcement which had just been made authorizing the use of American ground forces. He pointed out the difficulties which the Americans might have with Congress on this matter and that we should all show due consideration. He himself thought that although the United Nations could not set up anything like a joint staff directing military operations, nevertheless there should be a committee of some sort. He thought, however, that we should wait for a few days to see how operations developed before establishing such a committee.

5. The subject of the United Nations direction of military activities was not raised during the Council meeting. Cordier told me before the meeting that no agreement had been reached on this subject. The Americans have also emphasized to me that this matter was being given thorough consideration in discussions they have been having with their own military and officers of the United Nations but they have said that they could not give me any details at the present time. As you had not specifically instructed me to make representations to them on this matter, I have not

done so, as it seemed to me that Mr. Wrong was in much better position to explain our point of view and secure results.

28. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1037 Ottawa, July 1, 1950

SECRET. MOST IMMEDIATE.

Repeat Permdel No. 310; London No. 918.
Following for the Ambassador from Heeney, Begins: I have now had an opportunity of discussing with the Minister your telegrams WA-1444 and 1447 of June 30 concerning command of United Nations forces in Korea.

2. As you are aware, we attach the greatest importance to having operations brought as soon as possible under the aegis of the United Nations. At the same time, we understand the importance of avoiding constitutional difficulties and congressional embarrassments in Washington.

3. We are not satisfied with the proposed resolution referred to in paragraph 2 of your telegram WA-1447, as suggested by Hickerson. However, we think that, combined with the solution described in paragraph 6(a) of your telegram WA-1444, something might be drafted which would fill the bill. We try our hand at a draft on this basis in my next following paragraph.

4. The operative part of the Security Council's resolution might read somewhat as follows.

> Draft resolution begins: The Security Council requests the United States to designate a commander (or commander-in-chief) of the forces made available by members of the United Nations under the Security Council resolutions; and, Recommends that all members providing forces under the said resolutions place such forces under the United Nations commander so designated. Draft resolution ends.

5. It seems to us that such a resolution would give to the Korean operations a genuine United Nations character. At the same time we cannot see that it would impinge upon the rights of Congress or the freedom of action of MacArthur, as commander of the predominant United States forces involved.

6. We would hope that such a resolution would be agreeable to the United Kingdom as the largest contributor of forces other than the United States. If so, it would seem to us appropriate that the United Kingdom representative should introduce the resolution in the Security Council.

7. We are sending you this message at once so that you can take the matter up this morning with Hickerson. Later we will send on a full draft resolution which will include the kind of preamble we think would be desirable. Ends.

29. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1038 Ottawa, July 1, 1950

SECRET. MOST IMMEDIATE.

Repeat Permdel No. 311; London No. 919.
Following for the Ambassador from Heeney, Begins: My immediately preceding telegram on the command of the United Nations forces in Korea. Following is draft resolution referred to in paragraph 7.

The Security Council

1. *Welcomes* the prompt and vigorous support which Members of the United Nations have given to its resolutions of June 25 and 27 concerning the breach of the peace in Korea.

2. *Notes* with gratification that a number of Members have offered assistance to the United Nations in the execution of these resolutions,

3. *Urges* Members which have not already offered assistance to do so promptly so that the attack on Korea may be repelled and international peace and security restored to the area as soon as possible, and

4. *Considering* that it is urgent that provision be made for a commander to take command of all United Nations forces and to inform all Members who have offered assistance of the type of assistance required,

5. *Requests* the United States to designate a commander (or commander-in-chief) of the forces made available by Members of the United Nations under the Security Council resolutions, and

6. *Recommends* that all Members providing forces under these resolutions place such forces under the (United Nations) commander (or commander-in-chief) so designated. Ends.

30. DEA/50069-A-40

Note du secrétaire d'État aux Affaires extérieures[11]

Memorandum by Secretary of State for External Affairs[11]

SECRET Ottawa, July 3, 1950

DRAFT SECURITY COUNCIL KOREA RESOLUTION

The United States and United Kingdom first reaction to our suggested resolution for bringing action in Korea under United Nations auspices seems to be as follows.

They have no comments on the first two paragraphs.

On paragraph 3, Mr. Holmes feels that the British would wish to amend this resolution to avoid embarrassing the French and other countries which may have sound reasons for not sending forces to Korea. This might be done by inserting after the word "assistance", the words "and which are in a position to do so".

This seems to be a sensible suggestion, though it will, of course, give the Latin American states an excuse for doing nothing. However, as there are only two or three of them which could be of any assistance in any event, this might not matter so much. Mr. Hickerson on Saturday informed Mr. Wrong that they were considering approaches to Latin American states for concrete assistance, and that he himself would like to see such assistance despatched, even though it was of little military value. Certainly, we have some right to expect that such countries as Argentina, Brazil, Mexico and Chile should do something.

Neither the British nor the Americans like paragraph 4 of the resolution. The British would like to delete it, as they are afraid that its specific reference to "United Nations forces" might be interpreted to mean that Article 42[12] has been invoked. They are anxious to avoid this because it would mean invoking also the military staff machinery, which might bring the U.S.S.R. into the picture. The Americans do not object to the paragraph as such, but do not wish any reference to be made to "United Nations forces"; partly because of the reasons advanced by the British, and partly because of their special congressional difficulties.

We might meet these objections by altering paragraph 4 so that it would read, "Consider that it is urgent that provision be made for a commander to take command of forces made available by members of the United Nations ... etc."

In paragraph 5, the Americans also would prefer to have "the commander" rather than "a commander" designated, to avoid the possibility of a further resolution of the Security Council being necessary if a change in command had to be made. This seems to be a sensible amendment. Paragraph 5 might now read,

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[11] Cette note a été écrite mais non signée par L.B. Pearson.
This memorandum was drafted but not signed by L.B. Pearson.

[12] En vertu de l'article 42, le Conseil de sécurité peut prendre des mesures militaires pour maintenir la paix et la sécurité internationales lorsque les sanctions pacifiques ont échoué.
Article 42 permits the Security Council to take military action to maintain international peace and security when peaceful sanctions have failed.

"Requests the United States to designate the commander of the forces made available under the Security Council resolutions."

The Americans do not accept the reference in paragraph 6 to the "United Nations commander" for the reasons indicated above. We could meet them on this and delete these words, as the point we are anxious to establish has, I think, been made sufficiently clear in the preceding paragraphs of the resolution.

31. PCO/Vol. 167

Extrait d'une note du secrétaire d'État aux Affaires extérieures pour le premier ministre[13]

Extract from Memorandum from Secretary of State for External Affairs to Prime Minister[13]

TOP SECRET Ottawa, June 27 and July 4, 1950

. . .

In the afternoon of Tuesday,[14] you saw Mr. Drew, Mr. [Stanley] Knowles,[15] representing the CCF, and Mr. Solon Low,[16] and brought them up-to-date on Korean developments. I was also present.

On Wednesday I made a statement in the House associating the Government with the Security Council resolution which had been passed the previous afternoon by a majority of 7 to 1 (later increased to 8, as India acceded). This statement received the support of the official opposition, the CCF and, later, the Social Credit party.

The developments on Thursday were as follows. Cabinet discussed the situation at its 2.00 o'clock meeting and decided nothing need be said at that time regarding participation in the carrying out of the Security Council resolution. In the afternoon, during the debate on the External Affairs estimates, I was pressed by the opposition to state what we were doing, and replied in general terms that we would do our full duty, but only as a member of the United Nations in concert with other members. I also emphasized that, as the situation was very fluid, it was impossible to say what contribution, if any, Canada could make to United Nations collective action; that we would have to consider the matter in the light of developments. Mr. Drew did not quarrel with this attitude; in fact he supported it. Likewise Mr. Knowles and Mr. Solon Low approved of it, though Mr. Diefenbaker[17] and Mr.

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[13] Ce document fait suite au document 11.
This document is a continuation of Document 11.

[14] Le 27 juin 1950.
June 27, 1950.

[15] Député de Winnipeg Nord.
M.P. (Winnipeg North).

[16] Député de Peace River et chef du parti Crédit Social.
M.P. (Peace River) and Leader of the Social Credit Party.

[17] John G. Diefenbaker, député progressiste-conservateur de Lake Centre.
John G. Diefenbaker, Progressive Conservative M.P. (Lake Centre).

Green[18] seemed impatient that we were not able to announce in concrete terms what we were going to do. It was during this discussion that Mr. Pouliot[19] made a somewhat ambiguous statement, the general effect of which was, however, that we should do nothing.

On Thursday evening, Mr. Howe, Mr. Claxton and I met you in your office at 11.30 p.m. when we discussed the whole matter. Mr. Claxton, Mr. Howe and I felt, as you will remember, that we should indicate that we were prepared to assist in terms of light naval forces, if the United Nations required such assistance. You felt strongly, and we agreed with you, that such assistance, if given, should only be in response to a request from the United Nations and in support of an operation authorized and sponsored by the United Nations.

On Friday morning at 10.00 o'clock we met again in your office when I produced a draft of the statement which, with amendments, was given by you in the House of Commons. This statement emphasized that our obligations were only those of a member of the United Nations, but pointed out that we were ordering certain destroyers into the Pacific so that we would be in a better position to fulfil those obligations, if developments made that desirable, in terms of naval support to United Nations activities in Korean waters. This statement received general support, and even Mr. Pouliot had nothing to say against it.

At 2.00 o'clock that afternoon the Security Council met and your statement was read as an indication of Canada's acceptance of the resolution of Tuesday.

Since Friday we have been very active, through Mr. Wrong in Washington and Mr. Holmes in Lake Success, in working out with the British and the Americans a formula which would make it clear that the operations being conducted in Korea are under the authority of the United Nations, exercised through a commander appointed by the United Nations. Discussions have also been going on as to the appointment of some United Nations Commission which would be the channel of communication from the commander to the United Nations in respect of policy questions and offers of assistance in this matter. This has been a difficult and complicated business. Constitutionally, the United States Government cannot put its forces under United Nations command, except as a result of military agreements concluded under Article 43. No such agreements, as you know, have been made, and in any event it would be difficult to invoke Article 43 without bringing the Russians in. We are getting over this difficulty by a resolution of the Security Council which would make it clear that, while military control and direction would have to remain under the United States commander on the spot, the acceptance by other United Nations participating of a unified command and the association of any forces given by those nations with that command, would be as a result of a United Nations decision.

We have made it abundantly clear in Washington that if Canada is to help, it must be help to the United Nations, fulfilling our obligations under the Charter, and

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[18] Howard Green, député progressiste-conservateur de Vancouver Quadra.
Howard Green, Progressive Conservative M.P. (Vancouver Quadra).

[19] Jean-François Pouliot, député libéral de Témiscouata.
Jean-François Pouliot, Liberal M.P. (Témiscouata).

not help to the United States; also that the United Nations character of the whole operation must be emphasized and formalized. There is no disposition to quarrel with this in Washington or in London or, indeed, in any other quarter that we have explored.

The great danger, as I see it, is not so much that the Russians may use the Korean situation to provoke a general war (I do not think they will do this), but that either United Nations intervention will be ineffective in South Korea or (and this is more likely) it will result in a situation not unlike that which persisted in Spain during the civil war, with two Korean forces facing each other, backed by the U.S.S.R. and the U.S.A. respectively. The U.S.S.R. may assist the North Koreans to the point where they cannot be decisively defeated in the field, and the U.S.A. may do the same for the South Koreans. This may result in a prolonged indecisive conflict which would be a drain on United States resources. The U.S.S.R. would have every reason to be happy if the United States became heavily, but indecisively, engaged in Korea, while the French were deeply involved in Indo-China and the British pre-occupied with Malaya.

There is, of course, another danger that I have not mentioned above, namely, that United States action may prove decisive, and that public opinion in that country will then insist that United Nations forces move beyond the 38th parallel and clean up the whole of the Korean situation. In that case, there may be an unhappy conflict between United States policy and United Nations policy. The latter is pledged merely to defeat an aggression and not, as I understand it, to change the political situation in Korea. Of course, some such change is bound to take place, as a result of developments of the last week. I do not see how there can be a return to the *status quo*. Either the communists make good their claim to all of Korea, or the United Nations will have to do something to strengthen the position of democratic forces under a better government than that of Syngman Rhee. One reason why we should be careful in not going *too* far in insisting on the United Nations character of the operation is that when the war is over, the United States may wish to continue United Nations responsibility for the control and government of Korea, in a way which we may not be able to support.

The whole picture, as is clear from even this short analysis, is explosive and dangerous, and it is too early to draw conclusions one way or the other about the eventual political or military result.

32. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1473 Washington, July 4, 1950

SECRET. IMMEDIATE.

Repeat Permdel No. 44.

PROPOSED SECURITY COUNCIL RESOLUTION ON KOREA

1. Hickerson showed me this morning a draft resolution prepared by the State Department which covers the same ground as the Canadian draft although in somewhat different language. He said that as yet this had been shown to the representative of no other Government. It has been almost completely cleared here except for the approval of the Secretary of State himself. Jessup is taking it to Mr. Acheson at Mr. Acheson's country place this morning. Hickerson emphasized that in view of this we should treat the information he gave me with great discretion. He was unable to give me a copy but allowed me to take notes, and I give below a summary of the less important parts of the resolution and the full text of the key paragraphs.

2. After a brief preamble referring to the Security Council's finding that a breach of the peace has taken place and its recommendation that all members should assist in restoring peace and security in the area of Korea, the resolution is divided into eight sub-paragraphs, the last two of which are tentative and contingent. By them the Security Council:

(1) WELCOMES the prompt and vigorous support offered by members of the United Nations to the republic of Korea;

(2) NOTES that members of the United Nations have transmitted to the United Nations offers of assistance for the republic of Korea;

(3) "RECOMMENDS that all members providing military forces and other assistance pursuant to the aforesaid Security Council resolutions make such forces and other assistance available to a unified command under the United States";

(4) "REQUESTS the United States to designate the commander of such forces";

(5) "AUTHORIZES the unified command and the armed forces of members under it to use the United Nations flag in addition to their own";

(6) "REQUESTS the United States to provide the Security Council with periodic reports on the course of action taken under the unified command". The tentative paragraphs would provide as follows:

(7) A Security Council Committee would be established composed of an unstated number of members of the Council appointed by President. The Committee would

(a) receive offers of assistance for Korea, communicate them to the unified command, and inform the republic of Korea;

(b) receive the reports requested in paragraph 6; and

(c) advise the Security Council concerning the action taken by members in support of its resolutions. Under paragraph 8 the Security Council would request the Secretary-General to act as rapporteur of this Committee.

3. The State Department is not anxious that a Special Committee should be established and has been informed by the British Embassy that the Foreign Office takes a similar view. If, however, there is a demand among other members of the Security Council, they would probably support something on these lines. Hickerson thinks that there might be five members of the Committee. He told me in strict confidence that Lie had suggested that he himself be named as rapporteur so that he could bypass Zintchenko.

4. They hope that the Security Council might meet tomorrow afternoon to adopt this resolution, although he thinks some delay may be necessary so that the members of the Council can receive instructions after the resolution has been privately circulated. They would like it to be moved by the United Kingdom or some other friendly delegation. He considers it unlikely that the Soviet representative will return to the Council and apply a veto.

5. He said that they might themselves desire to amend the text shown me and promised to keep me informed. He doubts whether he will have anything further to say to me before tomorrow morning. In the meantime I should be glad to learn whether you are satisfied with the text either with or without paragraphs 7 and 8. It seems to me that it gets around our difficulties.

33. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1068 Ottawa, July 5, 1950

SECRET. IMMEDIATE.

Repeat Permdel No. 325; London No. 945.

PROPOSED SECURITY COUNCIL RESOLUTION ON KOREA

Following for Wrong from Heeney, Begins: The Minister spoke to you on the telephone yesterday afternoon concerning the proposals described in your WA-1473 of July 4. He indicated then that in general a resolution of the character of that under discussion in Washington would be satisfactory from our point of view.

2. However, as Mr. Pearson said to you, the phrase "under the United States" contained in paragraph 2 (3) of your message is objectionable to us. Nor can we see that it adds anything whatever of value to the United States. If under (4) the United States designates the commander of the forces employed, surely that is all they can want.

3. Further, as Mr. Pearson said, "the United *States*" appears more often than is necessary in the resolution, although we all agree that the purpose of the resolution is to play up the United Nations aspect of the Korean operations.

4. There are other verbal points in the resolution which we might make, but we are not anxious to press them. In any event, they are not of great importance and we take it that final drafting will be accomplished in New York.

5. I think I should add, however, that the Prime Minister himself wishes it to be quite clear that the Government attaches the greatest importance to the United Nations auspices for any action by Canadian forces in connection with Korea. You will have noticed the careful phrasing which he used in his statement in the House of Commons on June 30, when he said: "If we are informed that a Canadian contribution to aid United Nations operations under a United Nations commander would be important to achieve the ends of peace ... then the Government wishes Parliament to know that it would immediately consider making such a contribution." Mr. St. Laurent went on to give a specific undertaking that if action by Canada, other than that which he had described, be contemplated, Parliament would immediately be summoned to give the new situation consideration.

6. You will appreciate that, in view of this declaration, the Prime Minister would be obliged to have Parliament called before Canadian forces could be made available in connection with Korea under anything other than United Nations command.

7. I am sending you separate messages letting you have our views concerning the proposal for a Korean Committee of the Security Council and the applicable provisions of the Charter.

34. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-1069 Ottawa, July 5, 1950

SECRET. IMMEDIATE.

Repeat Permdel No. 326; London No. 946.

RE PROPOSED SECURITY COUNCIL COMMITTEE ON KOREA

Following for Wrong from Heeney, Begins: The Minister in his telephone conversation with you yesterday has already told you of his views of the proposal referred to in your WA-1473 of July 4th.

2. Mr. Pearson feels that a Committee of the character referred to in paragraph 2 (7) of your message would be open to practical objection and would be unnecessary from our point of view, at least in present circumstances. He is inclined to think that the functions of liaison proposed for the Committee could be adequately dis-

charged by having the Secretary-General himself named for the purpose in the Security Council's Resolution.

3. We would not, I suppose, wish to oppose directly any general view that a Committee should be set up; on the other hand we are inclined to hope that the proposal is not put forward, particularly so if the membership were to extend beyond those making actual contributions to the Korean operations. Ends.

35. DEA/50069-A-40

Le délégué permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations to Secretary of State for External Affairs

TELEGRAM 443 New York, July 5, 1950

SECRET. MOST IMMEDIATE.

Repeat Washington No. 46.

KOREA

Cordier telephoned me this morning to say that he would like to have the Canadian views today on the draft resolution which, he said, was being "passed around". He gave me the gist of this resolution which seemed to me identical with the resolution mentioned by Mr. Wrong in paragraph 2 of his WA-1473. The tentative paragraphs concerning a Security Council Committee were omitted. Cordier added, however, that the idea of a Committee of the Security Council had been "floating around". He had not found very much enthusiasm for it. There was the problem of membership and the problem of functions. The latter problem seemed to be clearing up sooner than the former. There were two ideas about a Committee — one that it should consist of the members of the Security Council; the other that it should include the major contributors. I told him that I had had some talk with you on this subject and that I thought you considered the idea of a Committee consisting of contributors would lead to conflict and confusion.

2. After consultation by telephone with LePan, I spoke to Cordier again. I said that we thought the third section of the draft resolution should conclude after the word "command", omitting "under the United States". The reasons for our views were two. In the first place, as the whole purpose of this resolution was to stress the United Nations character of the operation, we thought it best in principle to reduce the number of references to the United States. In the second place, we thought the United States' substantive point was met sufficiently in the next paragraph. Cordier indicated agreement with our views on this matter.

3. I said that we would also prefer that the sixth section of the draft resolution be altered to request the commander to provide reports to the Security Council. Cordier said that for strictly constitutional reasons they had the same preference as we. As I would understand, however, there was the problem of personality involved,

and he was inclined to make concessions for this reason. They did not want to create a situation in which there would be two bosses. He suggested that the difficulty might be overcome by requesting the commander "through the United States" to provide reports. He wondered also if the situation might be covered by the fourth section according to which the United States would designate the commander. It might be that the designation implied that the commander would report back through the United States.

4. I told Cordier further that on the whole we thought it better not to set up a Committee at this time.

5. Cordier said that they were still hoping to have a Council meeting on Thursday, but it might be postponed until Friday if necessary, in order to make sure that agreement is reached on the question of command. He is engaged in sounding out various delegations on this draft.

6. I reported my conversations with Cordier immediately to Mr. Wrong by telephone so that he would know the state of developments at this end.

36. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
au délégué permanent par intérim auprès des Nations Unies

Secretary of State for External Affairs
to Acting Permanent Delegate to United Nations

TELEGRAM 327 Ottawa, July 5, 1950

SECRET. MOST IMMEDIATE.

Repeat Washington EX-1073; London No. 952.
Following for Holmes from Heeney, Begins: Your telegram No. 443 of the 5th of July: Proposed Security Council resolution on Korea.

As LePan told Carter over the telephone this afternoon, there is one further comment which we would like you to pass on to Cordier in addition to those mentioned in paragraph 2 of your telegram under reference.

2. In paragraph 2 of Wrong's teletype 1473 of the 4th of July, he indicated that under the draft United States resolution all members of the United Nations will be recommended "to assist in restoring peace and security in the area of Korea". We are nervous about the phrase "in the area of Korea" and feel strongly that it should be replaced simply by "Korea". You will be aware that on previous occasions the United States Government has given a very broad interpretation to similar phrases which have included the formula, "in the area of". We would not wish the resolution to contain anything which would suggest that we are in any way involved in the decision of the United States Government to defend Formosa. We regard the order of President Truman to the Seventh Fleet to prevent any attack on Formosa as a decision taken by the United States Government alone and on its own authority. It does not flow in any way from a decision by the United Nations. As a member of the United Nations we have a responsibility, pursuant to the resolutions of the

Security Council of the 25th and 27th of June, to assist, so far as we are able, in the defence of Korea. We have no (repeat no) such responsibility to assist in the defence of Formosa. In order to prevent this distinction from becoming obscured we should like the phrase "in the area of Korea" struck out; and we should be grateful if you would let Cordier know of our views on this point at once. Ends.

37. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-1081 Ottawa, July 6, 1950

SECRET. MOST IMMEDIATE.

Repeat Permdel No. 330.
Following for Wrong from Heeney, Begins: We have been disturbed here by the possibility that it may be very difficult to maintain the distinction between the action which the United States is taking on its own authority for the defence of Formosa and the action which it is taking under the auspices of the United Nations for the defence of Korea. Although we are willing to do our share towards the defence of Korea, as soon as the Security Council has given a clear mandate to a United States officer for operations there, we do not wish to become involved in the defence of Formosa. We also feel that there will be more chance of maintaining the high degree of unanimity which has already been attained in the United Nations over the defence of Korea, if the extent of the United Nations responsibility is clearly defined.

2. The possibility of confusion between the defence of Korea and the defence of Formosa is heightened, in our view, by the fact that General MacArthur, if we understand the situation correctly, has command over the Seventh Fleet for operational purposes, although administratively it comes under Admiral Radford's headquarters in Hawaii. An example or two might illustrate the possible situations which we have in mind. It is conceivable that MacArthur, with responsibility for the defence of both Korea and Formosa, might be tempted to use naval vessels, entrusted by other countries to his command, for purposes which were more closely related to the operations around Formosa than to the defence of Korea and might, in this way, involve those countries, without their consent, (and indeed, even the United Nations as a whole) in United States initiatives in other areas. Or such involvement might occur as the result of another set of circumstances. A ship of the United States Navy, flying the flag of the United Nations as well as of the United States, might be fired on by Chinese Communists when it was far distant from Korea. If this were to happen, it would almost certainly be alleged that the United Nations had been attacked and that all members of the United Nations were involved in the incident.

3. Whatever you may think of these hypothetical examples, you will agree, I imagine, that, unless action is taken in advance, it will be difficult to draw a clear line between the Korean operations and operations in defence of Formosa. Moreover, the Government of Nationalist China will have a vested interest in blurring the distinction. We have therefore been wondering whether it would not be wise for the Security Council to include in the resolution that is to be passed tomorrow a territorial demarcation of the area around Korea in which United States forces and the forces of other members of the United Nations will be acting under United Nations auspices.

4. The difficulties of such a demarcation, of course, would be considerable. We are inclined to think here, however, that they would not be insuperable. The kind of territorial delimitation that we are thinking of would mark out an area which might run as far north as the 40th parallel, as far south as the 32nd parallel, and which might be bounded on the west by a line running midway down Korea Bay and the Yellow Sea. In our view, there would be no need for the eastern boundary of the area to be drawn so closely to Korea. It might even extend far enough to the east to include MacArthur's headquarters. The important point would be to exclude the whole of Communist China from the area in which operations under the United Nations would be undertaken.

5. Such a territorial delimitation, we think, would have the advantage not only of lessening the danger of members of the United Nations becoming involved in incidents with Chinese forces outside Korea, but also of establishing a framework in which the conflict in Korea might be localized. If we understand United States policy in this general area correctly, they are anxious to localize and isolate the fighting in Korea and also to sterilize the conflict between Chiang Kai-Shek and Peking. Such a plan as we are thinking of would thus seem to be in accordance with their approach. We are therefore wondering whether it might not prove attractive to them and whether they might not be willing to sponsor in the Security Council such a territorial delimitation of the area round Korea in which forces would be acting under the aegis of the United Nations.

6. I should be grateful to have, as quickly as possible, your reactions to this proposal. Ends.

38. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1492 Washington, July 6, 1950

SECRET. MOST IMMEDIATE.

Repeat Permdel No. 47.
Following for Heeney from Wrong, Begins: Your EX-1081 of July 6th. Korea.

1. The following are my immediate comments on the suggestion that there be added to the Security Council resolution to be considered tomorrow a territorial definition of the area in which the forces placed under unified command in Korea can act under United Nations auspices:

(1) I have heard no suggestion from any source since the President's statement of June 27th that the insulation of Formosa by the United States Navy from attack from the mainland is considered other than a purely United States operation equally as distinct from the Korean venture as the announcement at the same time of accelerated United States military assistance to Indo China and the Philippines. I have detected no confusion on this point in discussions with the State Department and in public comment on the President's decisions. After all, the nearest points of Formosa and Korea are a good 700 miles apart.

(2) I consider it impossible at this late stage to secure an addition of such importance to the draft resolution, which is being put into final form this afternoon at discussions between friendly delegations in New York. I am sure that some members of the Security Council, if it were put forward by the United States, would insist on referring it to their own Governments. Furthermore, even if the United States were ready to entertain this proposal, the Joint Chiefs of Staff would almost certainly wish to secure MacArthur's concurrence before agreeing on any definite demarcation.

(3) Could not the matter be dealt with by means other than a Security Council resolution, perhaps by a directive to MacArthur on the uses to which he could put the naval forces of other members of the United Nations and also by a Canadian order to the senior officer of the Canadian Naval units delimiting the general region within which he is authorized to operate under the unified command? If Security Council action were agreed after consultation with the other Governments concerned, there would be time for another resolution before our ships can reach Korean waters.

2. I have not discussed this proposal with the State Department as I am sure it would be poorly received at this stage and not lead to our wishes being met. I think that it would be interpreted by the United States Government as implying some lack of confidence in their good faith and in the sincerity of their most genuine desire that the Korean operations should be under the aegis of the United Nations. Ends.

39. DEA/50069-A-40

Le délégué permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations to Secretary of State for External Affairs

TELEGRAM 446 New York, July 6, 1950

RESTRICTED

Repeat Washington No. 48.
Following for Heeney, Begins: Your telegram No. 327 of 5th July — proposed Security Council resolution on Korea.

1. Following LePan's telephone conversation with Carter and the subsequent conversation on this subject which I had on the telephone with Mr. Pearson, we communicated with the United Kingdom delegation to find out exactly how the preamble was worded. The delegation pointed out that the preamble to the draft resolution did no more than repeat the text of the Security Council Resolution of June 27th, the relevant portion of the draft of the preamble being "having recommended that the members of the United Nations furnish such assistance to the Republic of Korea as may be necessary to repel the armed attack and to restore international peace and security in the area".

2. I spoke to Cordier about your anxieties on this matter. He admitted that this "could be a problem", although he believed there was a firm understanding at the time the resolution was passed that it was intended to apply to Korea only. He was about to go to a meeting, but told me that he would look into this question as soon as possible and let me know if anything could be done.

3. Subsequently I spoke to Jebb on the subject. Jebb recognized the difficulty but thought that in view of the clear understanding of the meaning of the resolution, we were unnecessarily concerned over possible complications. He stressed the fact that the draft resolution did no more than "the previous resolution" which had already been accepted.

4. I also talked to the acting Australian representative, Shann. He told me that the Australian Ambassador in Washington had been making representations to the State Department against the proposal that the Security Council should directly appoint the United States as its agent, and that they too had objected to the phrase "under the United States" in the third paragraph. He implied, however, that they had met with no success and reconciled themselves to the draft resolution. He recognized the ambiguity in the reference to the area of Korea and thought that his Government like ours would not wish to be committed in this way to supporting United States policy in general in the Far East. He was going to discuss this aspect of things with Canberra.

5. It seems to me that in view of the fact that the preamble is a direct quotation from the Security Council resolution, we could hardly ask that it be altered, and

therefore that if we wish to remove the possible ambiguity, it would be advisable to seek some other means of doing so. Ends.

40. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
au délégué permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Delegate to United Nations

TELEGRAM 343 Ottawa, July 12, 1950

SECRET. IMMEDIATE.

Repeat Washington EX-1112; London No. 999; Tokyo No. 138.

This morning the Cabinet considered the Korean situation and decided to put immediately under United Nations command the three Canadian destroyers now proceeding to the western Pacific.

2. The Cabinet had before them the Security Council's Resolution of July 7,[20] President Truman's designation of the Commander and a message from General MacArthur himself (through our Mission in Tokyo) to the effect that very good use could be made of the destroyers in the Korean operations.

3. Will you deliver at once to the Secretary-General, on behalf of the Government, a message in the terms set out in my immediately following paragraph.

4. Text of message begins:

With my letter to you dated June 30th† I enclosed the text of a statement which was made by the Right Honourable Louis S. St. Laurent, Prime Minister of Canada, in the House of Commons in Ottawa on June 30th. In the course of that statement Mr. St. Laurent declared that ... "If we are informed that a Canadian contribution to aid United Nations operations under a United Nations Commander would be important to achieve the ends of peace which is, or course, our only purpose, then the Government wishes Parliament to know that it would immediately consider making such a contribution."

(2) General MacArthur has now been designated by the United States as the Commander of the forces of the United Nations for the defence of the Republic of Korea, in accordance with the Security Council's Resolution of the 7th of July. The Canadian Government has, furthermore, been informed that destroyers can be of assistance in United Nations operations for the defence of Korea.

(3) Three Canadian destroyers sailed last week from the Pacific coast of Canada for western Pacific waters. These vessels are hereby made available to the United Nations and appropriate action is being taken by the Canadian Government to place

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[20] Voir Canada, ministère des Affaires extérieures, *Le Canada et la crise coréenne*, Ottawa, Imprimeur du Roi, 1950, p. 30.
See Canada, Department of External Affairs, *Canada and the Korean Crisis*, Ottawa: King's Printer, 1950, p. 27.

them at once under the operational control of the Commander-in-Chief of the forces made available by members of the United Nations*[21] against the aggression committed by North Korean forces.

(4) The Commanding Officer of these vessels is being instructed to report to the headquarters of General MacArthur and is being authorized to use the United Nations flag, in accordance with the Security Council's Resolution of the 7th of July.

(5) It would be appreciated if you would bring this decision of the Canadian Government to the attention of General MacArthur as quickly as possible. Text of message ends.

5. In fact the three Canadian destroyers are expected to arrive at Pearl Harbor today. After refuelling and provisioning (about forty-eight hours) the vessels will sail for Guam and onward, as directed by the United Nations Commander-in-Chief.

6. Please let us know as soon as your message to the Secretary-General has been delivered. The Minister will announce the action taken by the Canadian Government at a press conference here this afternoon. Ends.

2e PARTIE/PART 2

CRÉATION DE LA FORCE SPÉCIALE DE L'ARMÉE CANADIENNE
CREATION OF CANADIAN ARMY SPECIAL FORCE

41. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-1118 Ottawa, July 13, 1950

SECRET

Following for Wrong from Pearson, Begins: I was interested to receive your telegram, WA-1521,† on the state of mind in Washington toward events in Korea.

2. As far as feeling in Canada is concerned, the country, with the exception of some sections of Quebec, has been behind the government in its support of the United Nations resolution and the action taken to show that support. There have been, however, some who thought we should have done a lot more, and others who thought we should do nothing.

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[21] Note marginale :/Marginal Note:
I telephoned Mr. Carter at 1:30 p.m. today (the 11th of July) & told him, on Mr. Heeney's instructions, that the phrase "for the defence of the Republic of Korea" should be inserted at the point marked * in para[graph] 3. This change should be made in all other copies. D.V. LePan.

3. As bad news comes in from Korea, a feeling of uneasiness is developing that the United States, whose action at the beginning was universally applauded, has been caught completely by surprise and is not in a position to take sufficiently effective action after recovery from that surprise. It is recalled that the United States had indicated that Korea was not a first line of defence any more than Formosa was. In the event, however, the United States took up the challenge, quite rightly and very speedily, but without resources to meet it, at least immediately. There is also uneasiness, which is certainly shared in the Department, that the Administration may become involved with Communist China as a result of its decision to neutralize Formosa. As you know, the Communists in China have taken up this challenge, as they call it and it has given them a superficial case for assisting the North Koreans. Furthermore, excited and emotional statements in Congress and elsewhere, especially the suggestion that an atom bomb should be dropped on North Korea, does not strengthen confidence here that the United States people will be able to face the problems ahead with steadiness and determination. I agree that, as the situation deteriorates in the field, with Americans alone fighting, they will become somewhat impatient with formal insistence on the United Nations character of the operations. However, if we are to keep this country united, and if we are to limit our intervention to Korea alone, which is our only obligation in the present circumstances, we must continue to emphasize, at every appropriate occasion, that we are participating solely in a United Nations operation and that that operation is solely for the defence of Korea. If the Americans get irritated over this, that will be unfortunate, but unavoidable. If they express that irritation, which I hope they will not, there will be, I am afraid, a quick reaction in the press here, reminding them that Canadians, and other countries of the Commonwealth, have had experience in the past of fighting rear-guard actions against superior forces without United States armed support. We must do all we can on both sides to avoid this kind of thing developing. I think that they could help in Washington if the President or the Secretary of State would make a strong statement to the effect that they also are concerned only with United Nations action in Korea, and that if the Chinese Communists become involved, it will be entirely on their own responsibility and not as the result of any provocation on Washington's part; that the statement about Formosa was meant merely to neutralize that island and to prevent it becoming implicated in the Korean situation. I know that both the British and the French are disturbed over the possibility of Korean developments spreading to China.

4. I hope also that there will be no public and official appeals from Washington for assistance; at least to those countries which fought throughout World War II, and, especially, to those who have already made contributions to the Korean conflict. General Bradley's mysterious reference to offers of land forces — couched in such vague terms — has already caused much speculation and some embarrassment here.

42. DEA/50069-A-40

Le secrétaire général des Nations Unies
au délégué permanent par intérim auprès des Nations Unies[22]

Secretary-General of United Nations
to Acting Permanent Delegate to United Nations[22]

[New York, July 14, 1950]

I have the honour to acknowledge your reply of 12 July 1950[23] regarding the Security Council resolution of 27 June 1950 and wish to express my appreciation for the decision of the Canadian Government, under the terms of the resolution, to make available to the United Nations three Canadian destroyers which have sailed for Western Pacific waters. Your reply has been transmitted to the Security Council, to the Government of the Republic of Korea, and to the Unified Command (USG).

I have been informed that the Government of the United States which, under the resolution of 7 July 1950 has been given the responsibility for the Unified Command is now prepared to engage in direct consultation with your government with regard to the co-ordination of all assistance in a general plan for the attainment of the objectives set forth in the Security Council resolution. In this connection I have been advised that there is an urgent need for additional effective assistance. I should be grateful, therefore, if your Government would examine its capacity to provide an increased volume of combat forces, particularly ground forces. Offers of military assistance should be communicated to the Secretary-General in terms leaving detailed arrangements for subsequent agreements between your Government and the Unified Command (USG)

TRYGVE LIE

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[22] La copie originale de ce message a été envoyée au délégué permanent par intérim auprès des Nations Unies. C'est pourquoi le secrétaire d'État aux Affaires extérieures a pris connaissance de la demande du secrétaire général par la voie des journaux, au début de l'après-midi du 14 juillet. La copie du message a été dictée par téléphone à 17 h.
The original of this message was sent to the Acting Permanent Delegate to the United Nations. As a consequence, the Secretary of State for External Affairs first learned of the Secretary-General's request through press reports early in the afternoon of July 14. This copy of the message was dictated over the telephone at 5 p.m.

[23] Voir le document 40./See Document 40.

43. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1544 Washington, July 15, 1950

PERSONAL AND SECRET

Following for Pearson from Wrong, Begins: Your message EX-1118 of July 13th and our telephone conversation of the same date.

1. When seeing Hickerson yesterday afternoon I took up with him some points mentioned in your message and in our discussion. In particular, I told him that I was thinking of approaching the Secretary of State to see whether he or the President would consider making a further statement clearly separating the action in Korea from the neutralization of Formosa and defining the position along the lines suggested at the end of paragraph 3 of your message. He expressed much interest in this suggestion and said that he would be glad himself to discuss it with Mr. Acheson and to give him some of the background which led you to advance it. I asked him to do this and to tell Mr. Acheson that I had been thinking of approaching him myself and would be glad to talk the matter over with him if he thought it would be profitable.

2. I also mentioned the suggestion made by Senator Ferguson[24] that Romulo might be appointed Deputy Commander to MacArthur. Hickerson agreed with me that this would be most undesirable. He is himself seeing Senator Ferguson immediately "to put him right". I went on to observe, making clear that this was a personal idea of my own, that if the structure of the field command were changed in some important respects, such as by the appointment of Deputy Commanders from other countries, it seemed to me that the Governments which were making forces available in the field should have some say in the matter and that possibly some arrangements might be required in Washington to permit consultation between these Governments on such matters.

3. I then asked him whether any other countries had as yet offered to contribute ground forces. He said he knew of no offer other than the rejected one from Chiang Kai Shek, but the United States Government was very anxious that such offers should be made as the public questioning on the share of the load carried by the United States was growing intense. He illustrated by remarking that they would welcome even quite impossible offers such as a camel corps from Yemen. I urged that any appeals for further material assistance should come from the United Nations and not from the United States Government no matter how intense the public pressure might grow, and he appeared fully to agree with this. At the time

[24] Sénateur Homer Ferguson (républicain), Michigan.
Senator Homer Ferguson, (Republican) Michigan.

neither of us knew that the Secretary- General's telegrams of yesterday had already been despatched, but Hickerson was aware that some such action was impending.

4. Our conversation covered a wide field and I am reporting in other messages on other questions which arose. The points touched on in this message are matters dealt with in your personal telegram and in our conversations. Ends.

44. DEA/50069-A-40

Le délégué permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations to Secretary of State for External Affairs

TELEGRAM 474 New York, July 15, 1950

TOP SECRET. IMMEDIATE.

Repeat Washington No. 61.

KOREA

1. I have had a word with Cordier concerning the Secretary-General's message yesterday. I told him that you had been upset by this message, and that you considered that it was inappropriate to hear a message of this kind for the first time from press reports of the Secretary-General's press conference, and secondly that a step like this ought not to have been taken without consultation at least with the countries which might be expected to contribute and would therefore be most embarrassed by the message. I referred to the fact that he had mentioned this possibility to me the afternoon before, but said that I had no idea that this proposal was under urgent consideration at the time. I explained to him the very difficult position in which it put the Canadian Government and said that it did not help in securing the best response from Canadians. Cordier accepted this criticism and recognized that things had not been done in the best possible way. He said that he was afraid that things in Korea might have forced their hands into acting precipitately. (In this connection I might say that the New York Press throughout yesterday was filled with panicky headlines about the breaching of the Kum river, and at both New York and Lake Success there was a feeling that unless some drastic steps were taken there might be an immediate disaster). Cordier went on to say tactfully that the Secretariat were getting into a very serious problem. He first implied that heavy pressure was being put upon the Secretary-General to secure more help. Then he added: "Well, perhaps I shouldn't say pressure." He said that they had stayed up most of Thursday night into Friday morning working on particulars about the proper machinery. They thought that they had reached the desired formula and intended sending out the messages first thing Friday morning. In the morning, however, they encountered new problems and the message was delayed. Their intention had been that the message would reach Governments before the Secretary-General mentioned it. I gathered that in the excitement they did not take care to see that the messages had been sent out before the Secretary-General spoke.

Cordier did not admit that a mistake had been made, but I assume that he would not want to say anything which implied criticism of Mr. Lie. He indicated that they would certainly bear in mind our views when taking any future action. I went on to say that there was no lack of appreciation in Ottawa of the serious nature of the situation and understanding of the state of public opinion in the United States. Even though we understood these problems we were anxious that steps should not be taken under pressure which would make cooperation more difficult and fail to take into consideration public opinion in other countries. Cordier said he quite understood our point of view.

2. As I have reported to Mr. Heeney by telephone, your views on the Secretary-General's message are shared by delegates of other countries in New York. Neither the United Kingdom nor the Australian delegation had any advance word of this message. This morning I talked with Nisot of the Belgian delegation who was very upset about it and deplored the fact that it had been sent without consultation. I have not been able to get in touch with Jebb, but I had several talks with Laskey of the United Kingdom. He said that they had had no response from London as yet. He learned several days ago from a member of the United States delegation of the meeting on Monday which Mr. Lie had with Austin, [Arne] Sunde,[25] and the Korean Ambassador,[26] to which Lie referred at his press conference (see my teletype No. 472 of today's date†). All they had been told, however, was that the meeting considered some of the problems of a unified command, discussed the possibility of United Nations machinery to handle such things as relief supplies, and the offers of non-military assistance, but had come to no conclusion. Neither Laskey nor I has yet been able to find out whether Sunde was involved in the later meeting in which a decision was taken to send a message with reference to ground troops. This meeting, according to what Cordier told me and what I have learned from other sources, began Thursday evening and lasted into Friday morning.

3. When I raised with Laskey the question of whether it was appropriate for the Secretary-General to issue this request for further assistance or whether this ought not to have been left to the Security Council, Laskey said that Hyde of the United States delegation had told him yesterday that the Americans were concerned over the security aspect. They did not want a debate in the Security Council in which the Yugoslavs and others might take part. On these grounds he explained the fact that the Secretary-General had in his letter asked that offers of military assistance be communicated to the Secretary-General "in general terms, leaving detailed arrangements for agreement between Governments and the unified command". The United Nations did not want to be involved in military discussions which should remain secret. Laskey pointed out that although the idea of a United Nations committee had so far been rejected, it appeared that the Secretary-General was constituting a kind of informal committee for his purposes, consisting of representatives of the United States, Korea, the Secretariat, and the present Chairman of the Council.

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[25] Le président du Conseil de sécurité en juillet 1950.
President of the Security Council for July 1950.

[26] John M. Chang

45. DEA/50069-A-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

TOP SECRET Ottawa, July 18, 1950

KOREA: THE U.N. SECRETARY-GENERAL'S LETTER OF JULY 14

Attached is a copy of the Secretary-General's letter of July 14 urging further assistance.† It is felt you may wish to have some comments.

2. Serious as is the Korean situation, and important as it is that we should not fail in our responsibility as a member of the United Nations, it would seem, at least as yet, that Korea is but a "side show" in the over-all struggle between the U.S.S.R. and the Western world. There is no reason to believe that Western Europe is not still the main theatre, and it would be unfortunate if our attention should be diverted from Europe by reason of Korea. It is suggested therefore that any Canadian contribution should not be at the expense of our capacity to fulfil our responsibilities for the direct defence of Canada and under the North Atlantic Treaty. Indeed, the Korean incident stresses the need for stepping up Canadian defence preparations and the whole North Atlantic programme. It is suggested therefore that in any public statement about the Secretary-General's request an effort should be made to place the Korean incident in this wider setting.

3. It will be observed that the Secretary-General's letter notes "there is immediate need for additional effective assistance," and requests that the Government "examine its capacity to provide an increased volume of combat forces, particularly ground forces." Although "additional effective assistance" might include assistance other than combat forces, this distinction probably will not be evident to the general public, whether in this country or elsewhere. It would seem difficult therefore for the Government to avoid answering the request for combat forces in a communication which can be made public.

4. The Minister of National Defence will report to Cabinet on the availability of Canadian combat forces for Korea. His report will take into account the needs for the direct defence of Canada and our responsibilities under the North Atlantic Treaty. It is assumed that even if the Government were willing to despatch ground forces there are none presently available.

5. It would, however, seem undesirable to give a flat refusal to the Secretary-General's request, since such a reply would inevitably react unfavourably on U.S. opinion and probably on opinion throughout most of Canada. The Government, therefore, will probably wish to consider what assistance other than ground forces might be provided. The following courses might be considered as possible alternatives or in combination:

(1) The provision of other than ground forces; e.g., additional naval units or combat air units. The report from National Defence will no doubt examine this possibil-

ity. It is thought, however, that the report may indicate no ships presently operational could be properly spared, and that while a small combat air unit could be organized and despatched promptly, the U.S. military authorities would not consider such a force very useful. The Government may however wish to give consideration to the offer of such a force if no offer of ground forces can be made.

(2) Transportation assistance:

(a) *Airlift*

The U.S. has chartered some 60 commercial planes belonging to various companies for the air lift, but it is understood that more transport aircraft are seriously needed. The Government may wish to consider offering R.C.A.F. transport aircraft. (It is understood the report from National Defence will consider this possibility.)

It might also be possible for the Government to charter planes from commercial operators and place them at the disposal of the U.S. authorities. Canadian Pacific Air Lines have intimated that if the Australian flights were temporarily suspended, they could probably provide four round trips a week to Tokyo. These planes carry 36 passengers and are "pressurized", and would be specially useful for carrying personnel. It is possible that TCA may also be able to provide a few planes, although we have no information on this point.

(b) *Shipping*

The shipping needs of supplying U.S. troops in Korea (and perhaps for evacuating refugees) will obviously be substantial. It is not known whether the U.S. has sufficient shipping immediately available, although they probably can assemble sufficient shipping on reasonably short notice. I am informally advised however that there is abundant Canadian-owned shipping, either under Canadian or U.K. registry, and that Canadian ship owners would be delighted to get dollar cargoes. It is thought, therefore, that the Canadian Government might wish to offer shipping, although this would raise problems of war risk insurance and additional compensation to crews, both of which would probably have to be met by the Canadian Government.

6. An offer of aid by means other than ground combat units is, however, scarcely likely to forestall serious criticism in certain quarters in Canada of the Government's defence policy. It is suggested, therefore, that the reply to the Secretary-General (which presumably will be published) should indicate that while the request for ground forces cannot be complied with *at present*, in view of our responsibility for the direct defence of Canada and our obligations under the North Atlantic Treaty, the Government is urgently re-examining its defence policy in the light of the current international situation. It would, of course be desirable from the standpoint of allaying public criticism if the Government were prepared to specify what it proposes to do in this regard; e.g., raise the present ceiling on personnel of the three services, step up re-equipment of the services, etc. It is thought that some such measures could be taken without calling Parliament.

In conclusion it is suggested that due weight should be given to the probable reaction in the United States and in United Nations circles if we have to reply that no further combat forces can be made available. There is no doubt the American

people feel they are carrying the whole burden of the conflict since they alone are providing ground forces. A flat refusal to assist by combat troops might have serious repercussions.

Attached is a suggested draft statement which the Prime Minister might make following the Cabinet meeting tomorrow.

A.D.P. H[EENEY]

[PIÈCE JOINTE/ENCLOSURE]

Projet de déclaration du premier ministre

Draft Statement by Prime Minister

[Ottawa], July 18, 1950

The eruption of the North Korean aggressors into South Korea is a breach in the periphery of the free world. Each of the democratic nations has its role to play. So far as Canada is concerned we have our obligations under the North Atlantic Treaty as a member of the United Nations, we have our responsibilities with the United States for the defence of the North Atlantic continent, we have our responsibilities for home defence. Presented with the Korean crisis, the Canadian Government has, therefore, to estimate with urgency but with cool heads where we can make our weight most effectively felt in the overall defence pattern. This is a decision which calls for priorities in manpower, in expenditure and in mutual aid. The Korean crisis is the most immediate of many demands on the free world. In Korea the struggle has entered into an acute phase and the United Nations has undertaken police action in which Canada is actively cooperating.

But the situation there cannot be viewed in isolation. Indeed it must have a galvanizing effect on the whole defence structure of the free nations. From that point of view, if from no other, the Korean aggression has not served the purposes of Communism, for it has stimulated the tempo of defence measures and has increased the cohesion of resistance to aggressive Communism in other parts of the world. The measures which the United States Government have taken and are taking to put their great country into a posture of defence are far-reaching and significant. Here in Canada we have felt that the Korean crisis is a stimulus and a challenge. We shall press on with measures which will increase the preparedness of this country. We are increasing our defence expenditures. We may have to impose sacrifices upon our people. I do not propose at this time to enlarge further upon the measures which we have in mind for the immediate future. They are designed to make Canada more able both to defend herself and to make her maximum contribution as an ally and as a responsible member of the United Nations in this time of crisis.

Meanwhile, the Government is considering with a sense of the greatest urgency the further steps which can be taken to help out in the Korean operation itself. Our decisions in that sphere should be considered in relation to the other obligations which I have mentioned. We must not overlook in the pressure of events in the Pacific the obligations which we have assumed and must meet in the North Atlantic

area and on the North American Continent. These are grave decisions but it is deeply sustaining to know that the well-nigh unanimous weight of Canadian public opinion is behind the Government in its firm intention to fulfil our obligations in these testing times.

46. DEA/50069-A-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET Ottawa, July 18, 1950

KOREA: POSSIBLE ESTABLISHMENT OF A UNITED NATIONS VOLUNTEER FORCE

Although it has not yet reached the stage where it can be regarded as a firm proposal, the idea of a United Nations Volunteer Force has recently been receiving the cautious attention of the Secretariat and of the New York press. It was already being worked on by Cordier on July 12, and it has been given some impetus by the Secretary-General's appeal for additional combat forces to assist in the defence of South Korea. In this connection I attach copies of the following papers:

(a) The relevant paragraph of Mr. Riddell's account of his conversation with Cordier on July 12;

(b) An excerpt from paragraph 3 of teletype No. 470 of July 14 from Mr. Holmes;

(c) A copy of an article by A.M. Rosenthal in the *New York Times* of July 15, which balances the pros and cons of a "Volunteer Legion";†

(Mr. Holmes has subsequently informed us that in his view these accounts, taken together, give a reliable picture of the thinking in the Secretariat on this subject.)

(d) A copy of an article which appeared in the *Ottawa Journal* last night, and which refers somewhat superficially to a United Nations International Force to fight in South Korea.†

2. There are obvious political and administrative drawbacks to the organization and employment of an international force for the purposes of the Korean war. Perhaps the outstanding objection is that it could not possibly be trained, equipped and sent to Korea in time to be effective unless, of course, the war drags on for a considerable period. On the other hand, the idea of an international force under United Nations auspices is of a sort to arouse some public interest, and the attached article in the *Ottawa Journal* may possibly be a forerunner to somewhat wider support for it in Canada.

3. It seems quite clear that, in view of the caution with which the idea is being handled at Lake Success and of the obvious difficulties of implementing any such plan, the Government is unlikely to be faced in the near future with a firm proposal along these lines. Moreover, there has so far been no indication that groups or individuals in Canada are anxious to join a United Nations force. I suppose it is possi-

ble, however, that if the Government should decide against sending ground troops some sporadic public interest in the idea may develop, and I thought you might wish to have this preliminary note in case the subject should be raised in Cabinet tomorrow.

A.D.P. H[EENEY]

[PIÈCE JOINTE 1/ENCLOSURE 1]

Extrait du rapport de M. Riddell sur sa conversation avec M. Cordier du Secrétariat des Nations Unies

Extract from Mr. Riddell's Record of Conversation with Mr. Cordier of the United Nations Secretariat

[New York, July 12, 1950]

POSSIBLE ESTABLISHMENT OF A UNITED NATIONS FORCE

. . .

A great many offers of voluntary service were being received by the United Nations, according to Cordier. There was, for example, a group of fifty United Kingdom airmen which wished to volunteer for service immediately, and there were similar groups and individuals from other countries. These people did not wish simply to join the United States forces, and there would be obvious disadvantage in having them do so. Some thought will have to be given about ways of using them, and the Secretary-General was turning over in his mind the possibility of establishing a United Nations force, consisting of volunteers. He said there were a good many countries which did not themselves wish to make contributions from their regular forces, but which would not object to their nationals enlisting in a United Nations force. If the U.N. went ahead with this scheme, however, they would wish to be sure that they did not merely recruit the adventurers and soldiers of fortune from the democratic world. They were thinking, therefore, of the possibility of asking Member States to subject volunteers to the regular tests which would be normally applied in their own armed services. Cordier said that they had just begun to think about this problem, and that it had not yet been mentioned to any other delegation. There were many complications, but it seemed to him that the idea might appeal to states which would be troubled about a formal contribution of regular forces.

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[PIÈCE JOINTE 2/ENCLOSURE 2]

Extrait du télégramme du délégué permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Extract from Telegram from Permanent Delegate to United Nations to Secretary of State for External Affairs

TELEGRAM 470 New York, July 14, 1950

POSSIBLE ESTABLISHMENT OF A UNITED NATIONS FORCE

. . .

Cordier was also playing about with the idea of setting up in fact something more like a true United Nations command, which included senior officers from countries other than the United States. He mentioned how much easier things would be if we could build something in the nature of a real United Nations force. I asked him if he was thinking of a force under Article 43. He said, that, of course, a force strictly under Article 43 was not possible, but some kind of mixed force for the present purposes might be organized which could in future become the nucleus of a real United Nations army. I suggested that such a force, although it would be very useful, could hardly be an effective fighting unit in time for action in Korea, and he agreed. I mention these views not because they should be taken too seriously as fixed intentions of the Secretariat, but merely as they indicate certain trends of thinking.

. . .

47. DEA/50069-A-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], July 18, 1950

CANADIAN PACIFIC AIR LINES OFFER OF ASSISTANCE IN TRANSPORT TO THE FAR EAST IN CONNECTION WITH THE KOREAN INVASION

Mr. Grant McConachie, President of C.P.A.L., telephoned from Vancouver on July 12 to inquire whether the Canadian Government might wish to make use of C.P.A.L.'s services in moving personnel or material to the Far East in view of the Korean crisis.

2. He noted that the United States Government had chartered about sixty private aircraft to fly personnel and equipment to Korea. Mr. McConachie pointed out that C.P.A.L. was familiar with operating conditions in the Far East. C.P.A.L. planes were better suited to carrying personnel than cargo. They would be particularly good for carrying hospital cases as the cabins are pressurized. Mr. McConachie said that at present they were running two flights a week to Hong Kong via Tokyo.

These were going out nearly empty but were coming back filled mainly with families of Chinese-Canadian citizens. Mr. McConachie said that they could add a third flight a week without difficulty. If they were released by the Air Transport Board from the Australian run they could step service up to a maximum of 4 flights a week. His company was anxious to get more business and he was considering going down to Washington to offer the services of his Line to the United States Government. If he secured a contract with the United States Government he would see that it included a clause permitting it to be terminated if the Canadian Government wished to use C.P.A.L.'s services. However, before doing so he wished to offer them to the Canadian Government.

3. Mr. McConachie was informed that the responsible Ministers were out of town and that no answer could be given him immediately. In the meantime it was hoped that he could delay his visit to Washington. His offer of assistance would be brought to the Minister's attention immediately on his return and he would no doubt wish to discuss it with his colleagues when they were reviewing the Korean situation. Mr. McConachie would be given a reply as soon as possible.

4. This offer from C.P.A.L. should be viewed, I think, from two angles. First, there is the possible embarrassment that might attend a statement by Mr. McConachie to United States defence authorities that he had offered C.P.A.L.'s services to the Canadian Government and they had turned him down. On the other hand, this offer provides an opportunity by which the Canadian Government might, without serious difficulty, increase its offer of assistance to the United Nations in connection with the Korean operations. In view of Canada's geographic position astride the short northern air route to the Far East it would be natural for Canada to offer air transport assistance. C.P.A.L.'s offer might be considered in conjunction with any air transport assistance the R.C.A.F. could provide. T.C.A. [Trans-Canada Airlines] might also have some spare aircraft.

5. If it were decided to accept C.P.A.L.'s offer, the Chief of Air Staff might be requested to discuss the matter with Mr. McConachie and then an offer might be made to the United Nations and the United States Government of such air transport as it was feasible to assemble for this operation.

6. Since the above was dictated we have learned that Mr. McConachie has come to Ottawa and seen Mr. Chevrier who has written to Mr. Claxton about C.P.A.L.'s offer. I understand that Mr. McConachie also plans to see Mr. Howe.

A.D.P. H[EENEY]

48. PCO

Procès-verbal de la réunion du Comité du Cabinet sur la défense

Minutes of Meeting of Cabinet Defence Committee

TOP SECRET [Ottawa], July 19, 1950

Present:

The Prime Minister (Mr. St. Laurent), in the Chair,
The Minister of Trade and Commerce (Mr. Howe),
The Minister of National Defence (Mr. Claxton),
The Minister of Finance (Mr. Abbott),
The Secretary of State for External Affairs (Mr. Pearson).

The Secretary (Mr. Wright)
The Acting Military Secretary (W/C Newsome)

The Chief of the General Staff (Lieutenant General Foulkes),
The Chief of the Air Staff (Air Marshal Curtis),
The Acting Chief of the Naval Staff (Rear Admiral Houghton),
The Chairman, Defence Research Board (Dr. Solandt).

The Secretary to the Cabinet (Mr. Robertson),
The Under-Secretary of State for External Affairs (Mr. Heeney),
The Deputy Minister of National Defence (Mr. Drury),
The Associate Deputy Minister of Trade and Commerce (Mr. Pierce),
The Assistant Deputy Minister of Finance (Mr. Bryce).

I. GENERAL APPRECIATION ON THE IMMINENCE OF WAR

1. *The Minister of National Defence* reported that the Chiefs of Staff Committee had examined the imminence of a major war arising out of the situation in Korea and elsewhere, and had concluded that:

(a) the risk of a major war being precipitated by the Soviet Union as a direct result of the Korean situation was slight;

(b) the United States' guarantee of the defence of Formosa, together with the Korean situation, created a risk of war between the United States and Communist China, though this in itself need not result in a major war involving the Soviet Union;

(c) the Soviet Union could be expected to continue to exploit and possibly to intensify the exploitation of favourable situations elsewhere. The most probable trouble spots were Hong Kong, Indo-China, Siam, Burma, Malaya, Iran, Greek Macedonia, Yugoslavia, and Berlin. With the possible exception of Yugoslavia, however, it did not seem likely that these situations would lead to direct Soviet intervention and a major war;

(d) although such incidents, together with extensive U.S. involvement in the Far East, would lend weight to the opinions of those who favoured preventive war, no democratic government would be likely to take such a course;

(e) the likelihood that the Soviet Union would precipitate a major war was not considered to be significantly changed by the Korean war. This risk would increase when the Soviet Union:

(i) had what it considered to be an adequate stock-pile of atomic bombs; and,

(ii) had considerably strengthened several branches of its armed forces and also augmented its economic potential.

The dates at which these events would occur were unknown but it was considered that they were unlikely at least during 1950;

(f) the Korean incident indicated an increased willingness on both sides to take risks involving the possibility of war and that the risk of a major war was correspondingly greater; and

(g) while it was possible that the Soviet Union did not intentionally arrange the Korean campaign for the purpose of involving the immediately available reserves of the Western Powers, they would realize that this had been accomplished and would do everything possible to extend this process, perhaps to the extent of producing other incidents in areas where they could exploit the apparent military weaknesses of the Western Powers. This situation seriously affected our position in the North Atlantic Treaty Organization, where we were partners with the United States in the role of reinforcing any of the areas under attack. It was obvious that the more U.S. troops that became involved in Korea, the less there would be available for immediate reinforcement of Western Europe, unless steps were taken to create a new reserve by mobilization of the National Guard or other reserves. Even if this course were followed, there would be a very dangerous gap between the time the majority of the regular forces left the United States and the time the reserves would be trained to replace them.

An explanatory memorandum was circulated.

(Military Secretary's memorandum, July 18, 1950 — Cabinet Document D248).†

2. *The Secretary of State for External Affairs* said that he thought the risk of a major war as a direct result of the Korean situation was somewhat greater than slight, the word used to describe it in the first paragraph of the paper.

3. *The Committee*, after further discussion, noted the views of the Chiefs of Staff on the imminence of a major war, as reported by the Minister of National Defence.

II. THE KOREAN SITUATION; AVAILABILITY AND DISPOSITION OF CERTAIN ALLIED MILITARY FORCES

4. *The Chief of the General Staff* said that it was anticipated that the U.S. forces now engaged in Korea would be driven back to the southern tip of the peninsula to the Pusan area. There were differences of opinion as to whether the U.S. forces would be capable of holding the bridge-head in Korea. If the North Korean forces were unsuccessful in their attempt to drive the United States out of Korea, they would probably contain the U.S. bridge-head by the deployment of the minimum forces required. Meanwhile they would be in a position to withdraw the majority of their forces to the hill country, where they could be re-organized, re-equipped and re-grouped, protected (to a great extent) from U.S. air attack.

General MacArthur had estimated that it would require some four divisions, in addition to the two already committed, to drive the North Koreans back to the 38th parallel. To assemble and organize a force of this size would require two or three months, by which time the weather would be more favourable to the U.S. forces.

General MacArthur had reported that the equipment, including armour and guns, of the North Korean forces was of a very good type and calibre. The North Koreans had demonstrated their skill in the employment of armour under conditions which were not ideally suited to this type of operation. General MacArthur had also acknowledged the high qualities of the infantry soldier. At the commencement of the operations, the North Korean Army had available some three hundred tanks of a type equal if not superior to the present equipment of the U.S. Armed Forces.

5. *General Foulkes* then outlined the present position with regard to the availability and disposition of the military forces of certain allied countries and concluded that if the situation in Korea were to be dealt with satisfactorily, the major portion of the United Nations field force in Korea would have to be provided by the United States. Because of other commitments, geographical position or lack of strength, little assistance could be expected from European or Commonwealth countries.

In these circumstances, it seemed certain that the United States would resort immediately to some form of mobilization. Since it would take from six months to a year to equip and train any reserve forces which might be mobilized, and since the greater part of available U.S. ground forces would be committed in Korea or elsewhere, the period between this autumn and the next appeared to be the most critical.

6. *The Minister of National Defence* mentioned that the repatriation of some seventy thousand Dutch troops from Indonesia would be completed this fall. It was hoped that some means could be found to replace the equipment which these forces had been required to turn over to Indonesia on repatriation.

7. *The Prime Minister* observed that the re-equipping of these troops would strengthen the defences of Western Europe and enquired as to whether any suitable equipment could be made available to them by their North Atlantic partners.[27]

8. *General Foulkes* said that the Dutch had trained on and would probably adhere to U.K. equipment, of which the U.S. had no stocks. The U.K. had already made available as much of their equipment as they considered possible to their allies. The possibility of providing the Dutch with Canadian equipment of U.K. pattern was being explored with the thought that it might be possible to arrange with the U.S. to replace from U.S. sources a proportion of Canadian stocks thus made available. As yet the Dutch had not been approached on this matter.

9. *The Committee*, after further discussion, noted the report of the Chief of the General Staff on the Korean situation and on the availability and disposition of certain allied forces.

III. POSSIBILITIES OF CANADIAN ASSISTANCE TO THE UNITED NATIONS FORCES IN KOREA

10. *The Minister of National Defence* reported that the possibilities of providing Canadian assistance to the United Nations forces in Korea had been discussed with the Chiefs of Staff Committee, who recommended as follows:

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[27] Voir le document 508./See Document 508.

(a) *Royal Canadian Navy*

Since there were no indications of a need for further Canadian Naval assistance beyond the three destroyers already despatched, it was recommended that no further assistance be offered. After about six months, it would be necessary to bring back the three destroyers and replace them in rotation with fresh ships.

(b) *Canadian Army*

No authoritative request had been received for despatch of Canadian ground forces; and no such assistance was recommended. Canadian ground forces despatched in the immediate future would have to incorporate the Mobile Striking Force, which was the only Canadian ground force available for the defence of North America. All Army formations were under strength and despatch of any of these would lag by four to six months, the time it would take to bring the formations, plus their first-line reserves, up to strength.

(c) *Royal Canadian Air Force*

Enquiries had been received as to the availability of long-range air transport; and it was known that there was a pressing need for such assistance. It was therefore recommended that Canada offer to provide a squadron of North Star aircraft to operate between the United States and Japan in support of the U.S. forces. The R.C.A.F. estimated that five North Stars could be made available for operations from U.S. bases within thirty-six hours of instructions being issued; a sixth North Star could be made available in two weeks; and four more North Stars within two or three months, bringing the total to ten.

An explanatory memorandum was circulated.

(Military Secretary's memorandum, July 16, 1950 — Cabinet Document D249).†

11. *The Prime Minister* observed that it was unfortunate that U.S. Naval units were visiting Quebec at this time. From the public standpoint, this did not strengthen the impression that Canadian Naval assistance was required by the U.N. forces in Korea.

12. *The Secretary of State for External Affairs* said that this raised a reciprocal question with regard to the European cruise planned by the R.C.N. this autumn. Should this exercise be carried out, it would be well to emphasize its training value rather than its good-will aspects.

13. *Mr. Claxton* said that there would be no difficulty in justifying the cruise as the ships would be training within the North Atlantic area, where the R.C.N. had its primary role.

14. *Mr. St-Laurent* deprecated the action taken by the Secretary-General in requesting military assistance from U.N. member nations. He had acted largely on his own authority on a question which was the concern of the Security Council and of the member nations which were likely to contribute forces. Our strong objections to the procedure followed in this instance should be made known in the appropriate quarters.

15. *Mr. Pearson* reported that action as suggested by the Prime Minister had been taken. There were indications, however, that the Secretary-General was not entirely

to blame in this case since he had been subjected to intense pressure from the U.S. State Department.

16. *The Chief of the General Staff* mentioned that the Chairman of the Canadian Joint Staff, Washington, had learned that the U.S. Joint Chiefs of Staff had not been consulted in this matter; nor were they clear as to how the ground forces of the other nations would be integrated into General MacArthur's organization. In this connection, it seemed likely that the most useful form of assistance would be, say, a Commonwealth division which could function as a self-contained unit with its own supply lines.

17. *Mr. Pearson* enquired as to the possibility of forming some kind of an international United Nations force which would consist of volunteers from the member nations.

18. *General Foulkes* said that, on the basis of experience during the last war, it would be difficult from the military point of view to bring troops of different nations together to form a satisfactory composite force. The problem of different languages was but one of a number of obstacles which would have to be overcome.

19. *Mr. Pearson* asked whether consideration had been given to the possibility of Canada providing assistance in the form of a Field Ambulance unit.

20. *General Foulkes* said that, if a Field Ambulance unit were to be provided, this might be done more appropriately under the auspices of the Red Cross. If this form of assistance were to be supplied, it might be well to consider offering to man a field hospital.

21. *The Committee*, after further discussion, noted with approval the recommendations of the Chiefs of Staff with regard to Canadian assistance to the United Nations forces in Korea.

IV. ACCELERATION OF CANADIAN DEFENCE PROGRAMME

22. *The Minister of National Defence* said that the Korean situation disclosed the grave military weakness of the North Atlantic countries. In this connection the Chiefs of Staff had prepared a number of proposals for accelerating the Canadian defence programme. Most of these involved acceleration of plans already made rather than new departures and would serve to increase our effective operational strength. This would in turn increase the collective strength of the North Atlantic members and put Canadian forces in a better position to make a further contribution to Korea if this were considered desirable at a later date.

Proposals for the Navy included the commissioning of two destroyers and two Algerine minesweepers at present in reserve; the rearming of our tribal class destroyers; provision for seaward defences; the improvement and modernization of communication equipment; the acquisition of maintenance stores required for additional ships in commission; additional personnel for the operation of destroyers and other increased activities; and a number of other related matters. Over and above this, approximately $4 million would be required for expenses in conjunction with the three destroyers already despatched to Korea.

23. *Mr. Claxton* said that, with respect to the proposed purchase of twelve additional Sea Fury aircraft, this project required closer examination.

Proposals for the Army included bringing the brigade group up to strength and provision of limited anti-aircraft defence.

24. *Mr. Claxton* observed that the Army was in a transitional period and there were few new types of equipment that it would be economical or wise for us to buy at the present time.

The proposals for the Air Force included acceleration of the F86 production programme from five to seven per month and of the CF100 programme from three to five per month, so as to provide sufficient fighter aircraft for a progressive build-up to three F86 squadrons of twenty-five aircraft each by July, 1952, and two CF100 all-weather fighter squadrons of eighteen aircraft each by December 1952. In order to increase the fighter strength of the Air Force pending the production of suitable numbers of new fighter aircraft, it was proposed that 100 Mustangs, together with a three-year supply of spares, be purchased immediately from the U.S.A.F. These aircraft could be purchased economically and, while they were obsolescent, they had proved extremely valuable in Exercise Sweetbriar and in Korea. They were rugged long-range aircraft which it was considered would continue to be useful for some time.

The production facilities for the Orenda engine would be enlarged to allow an increase in the production rate from twenty to fifty engines per month. It was recommended that the construction of the radar net be accelerated so as to provide for additional stations sooner than planned.

Additional personnel would be required to provide for the increase in operational elements and the necessary logistic support.

The total additional cash commitment authority required for all three services for 1950-51 would be about $50 million and an increase of 5-6 thousand would be required over the present personnel ceilings.

An increase in personnel for the Defence Research Board of approximately 125 engineers and scientists and 350 technicians, drivers and clerks would be required for the general acceleration of defence activities. This involved no extra cash for the present year.

(Statements showing the summary costs of the accelerated defence programme and summary costs of projections of the present authorities were circulated — Cabinet Document D250, dated July 18, 1950.)†

25. *The Minister of Finance* said that the item recommending additional magazine space might be re-examined. The Navy already had two large magazines and, if further space were necessary, there might be some sharing of facilities amongst the three Services.

26. *The Secretary of State for External Affairs* suggested that it would be wise to make an announcement as soon as possible indicating any increase in defence activity that might be approved. The Canadian Ambassador in Washington had received an advance text of a statement to be made by President Truman on the U.S. defence programme, announcing that he had authorized the Secretary of Defense to exceed the budgeted strength of the three Services; to use the selective service system to the extent required; and to call into active service such National

Guard units and members of the Reserve Forces as necessary. Appropriations for the U.S. forces would be increased by about $10 billion and this would be followed by a request for further assistance to the North Atlantic allies and other countries. Legislative measures would later be proposed to authorize the establishment where necessary of priorities and allocations of materials; to limit the use of materials for non-essential purposes and to requisition supplies for defence, if necessary. He would recommend a sharp increase in Federal revenues through new taxation, in accordance with the programme to be submitted to Congress later. A number of other recommendations were made and it was likely that new legislation would do away with the "Buy America" Act.

27. *The Minister of Trade and Commerce* suggested that any announcement made by the Canadian Government should concentrate on the additional fighting equipment being provided rather than on increase in administrative or housekeeping facilities.

28. *The Committee*, after further discussion, approved the programme for the acceleration of the Canadian defence programme, as submitted by the Minister of National Defence, subject to further examination of the provision of twelve Sea Fury aircraft and new magazine space for the Navy.

W.R. WRIGHT
Secretary

G.H. NEWSOME
Wing Commander, RCAF,
Acting Military Secretary

49. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa] July 19, 1950

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KOREA; COMMUNICATION FROM THE SECRETARY-GENERAL OF THE UNITED NATIONS

1. *The Prime Minister* read a communication from the Secretary-General of the United Nations in which the need for additional effective assistance for the U.N. forces in Korea was pointed out and in which the Canadian Government was asked to examine Canadian capacity for such assistance, especially ground forces. This communication had been received twenty-four hours after Mr. Lie had announced its contents at a press conference. Strong representations had been made to the U.N. Secretariat that the Canadian Government were concerned that a press conference should have been held prematurely and that any action that implied criticism of a member of the United Nations should have been effected through the Security Council, rather than by the Secretary-General. Hope had been expressed that there would be no repetition of procedure of this nature.

Apparently the Secretary-General's action had been the result of political pressure from the U.S. State Department rather than military pressure from the Chiefs of Staff. It was suggested that a reply should be made in very general terms, leaving any details of further aid that Canada might make to be worked out between the appropriate authorities.

(Communication, Secretary-General of the United Nations to Acting Canadian Permanent Delegate, July 14, 1950)

In relation to the general question of Canadian participation, the recent goodwill visit of a U.S. aircraft carrier and seven destroyers to Quebec had probably led some Canadians to question the necessity of Canada drawing on her small naval resources to assist in Korea. Conversely, similar feeling might exist with respect to the projected cruise of the *Magnificent* and three destroyers in European waters this fall. It would be desirable if it could be brought home to the public that these cruises were for training and that the primary and most important role of these units was the defence of the North Atlantic area.

The Canadian Chiefs of Staff had not received, up to the present, any suggestion from military authorities in Washington that Canada should make a contribution of land forces.

2. *Mr. St-Laurent* said that the Cabinet Defence Committee had just heard the Chiefs of Staff and their advisers in connection with the international situation and the Korean war in particular. The possibility of further Canadian assistance and of acceleration of the defence programme had been discussed.

3. *The Minister of National Defence* outlined the military situation in Korea. The forces necessary to deal with the situation, together with American commitments in other parts of the world, including Germany and Japan, would take almost all available American strength. Neither the Commonwealth countries nor the European democracies would be able to supply any substantial forces for Korea. The consequences of the situation were very grave and would mean that, from roughly September for a period of about one year, almost all the trained and equipped forces of the Western countries would be committed and very little would be available to meet an emergency elsewhere or to strengthen Europe if the need arose. While the Russians might not have deliberately inspired the Korean conflict in an effort to promote a general war, they would undoubtedly realize the advantages of a situation where almost all effective democratic forces were involved outside any main theatre.

The Chiefs of Staff had advised that Canada was not in a position to contribute ground forces in Korea. Any participation of this nature would involve the brigade group which it was felt was essential for the defence of North America. With respect to a further naval contribution, there had been no indication that additional units would be helpful and it was considered that none could be made available in the light of our North Atlantic commitments.

There were two air contributions that might be offered. One, the provision of Mustang fighters, would not be effective as it had been ascertained that the United States already had in the area all the fighter aircraft that could be usefully employed. On the other hand, the provision of a transport squadron of North Star

aircraft would appear to be valuable assistance. The United States had indicated, informally, that transport was in short supply and any Canadian contribution along these lines would be welcomed. Five North Stars could be made available within thirty-six hours; one more within two weeks; and four more within two or three months, making a total of ten, which could operate from the mainland to Honolulu or from the mainland to Tokyo.

The Korean situation had pointed up strikingly the weaknesses of the democracies, and it had been thought desirable to consider further steps which might be taken to strengthen Canadian defences generally. This would be making a contribution to the general problem of collective security and would involve largely an acceleration of the present programme, rather than additions to it. There were a number of actions that might be taken rather sooner than had been originally planned, which would strengthen our effective operational potential, and improve our readiness to meet an emergency. The Chiefs of Staff had made recommendations along these lines. Naval measures would include bringing destroyer crews up to operational establishments; commissioning of two minesweepers and two destroyers; fitting of tribal class destroyers with modern armament; and the provision of certain seaward defences. Steps recommended for the Army included bringing the brigade group up to strength and the provision of limited anti-aircraft defences. Air Force proposals included acceleration of the F-86 and CF-100 production programmes so as to provide three squadrons of the former and two of the latter by 1952, and the provision in the meantime of 100 Mustangs which could be purchased from the United States. These fighters had proved their value in Korea and in Exercise Sweetbriar and were exceptionally useful in an Army support role. They would bolster the Air Force until the F-86 and CF-100 were available in the required numbers.

Additional expenditure for the three services would be between $40 and $50 million and the over-all increase in personnel would be between 5 and 6 thousand men.

4. *The Secretary of State for External Affairs* reported that there had been considerable political pressure from the United States for participation in Korea of ground troops from other countries, mainly for the psychological effect. Undoubtedly, there would be other suggestions, such as a Commonwealth force or a U.N. international brigade, which might be composed of volunteers from U.N. countries under U.S. command, and equipped and trained by the latter. Contributing countries might be required to provide for the payment of nationals participating and to assume responsibility for reinforcement. While it was obviously not feasible, at present, for Canada to send a brigade group or regular ground forces in any number, it might be desirable to indicate at this time that if an international brigade were formed, the Canadian Government would consider recruitment of Canadian volunteers under the U.N. flag.

5. *Mr. Pearson* said that reports from Canadian missions abroad indicated that most countries were not unduly alarmed about the possibility of the conflict breaking into general war but that it was generally accepted that the U.S.S.R. would wish to keep it alive so as to neutralize as much Allied strength as possible. The Moscow

press had charged the United States with using the United Nations as a shield for illegal intervention in Korea and contrasted this with the peace policy of the Soviet Union. There was some evidence of increased pressure by Russia in various points of the periphery, such as Yugoslavia, Iran, Berlin and especially Communist China. If Russia wished the war to spread, it would probably attempt to do so through China.

Nehru's attempt at mediation appeared ill-judged and ill-timed, but India occupied a most important position and it was essential to maintain friendly relations with her. In this respect, it was to be hoped that the United States would send a moderate reply to Nehru's proposal. Canadian views had been indicated informally to the Secretary of State in Washington.

The British agreed with the Indians that it was a matter of first importance in any settlement of the Korean dispute to get the Russians back in the Security Council.

President Truman was due to make an important statement after 12 o'clock that day and the Canadian Ambassador in Washington had been given the advance text. This indicated the intention of the United States to increase her strength for whatever eventualities might occur and to encourage other nations to do likewise. While it appeared that the United States had been badly informed concerning the strength of the North Korean forces and the weakness of the South Korean, and that military authorities had been taken aback by the President's decision to intervene actively, there was no doubt that the U.S. Government now was making a determined and united effort to bring the conflict to as rapid a conclusion as possible and to generally increase measures necessary for the security of their country and of their allies. The President would announce that he had authorized the Secretary of Defense to exceed the budgeted strength of the three services; to use the selective service system to the extent required; and to call into active service such National Guard units and members of the Reserve Forces as necessary. Appropriations for the U.S. forces would be increased by about $10 billion and this would be followed by a further request for assistance to the North Atlantic allies and other countries. Legislative measures would be proposed later to authorize the establishment where necessary of priorities and allocations of materials, to limit the use of materials for non-essential purposes and to requisition supplies for defence if necessary. He would recommend a sharp increase in Federal revenues through new taxation in accordance with the programme to be submitted to Congress later. A number of other recommendations were made and it was likely that new legislation would repeal the "Buy America" Act. In effect, the President's statement indicated partial mobilization in the United States.

(Telegram, Canadian Ambassador, Washington, to the Secretary of State for External Affairs, July 19, 1950 — WA-1560)†

6. *Mr. Pearson* suggested that if any statement were to be made on immediate Canadian action resulting from the international situation, it should emphasize that Korea was but one sector in a much larger struggle and that any steps taken to accelerate Canada's defence programme made a contribution to the solution of the general problem. It was also suggested that it might be desirable to indicate that the

Government would give sympathetic consideration to a Canadian volunteer contingent participating in any international force under the United Nations, if such were formed. This sort of participation appeared to be preferable to a contribution to a Commonwealth force and it might be helpful if we indicated support of it now so as to avoid any pressure that would probably come later for involvement in a Commonwealth force.

7. *Mr. St-Laurent* said that if Canada were to contribute to an international force it would probably be necessary to call Parliament.

8. *The Minister of Finance* suggested that there were dangers to seating Communist China in the Security Council in return for the Russians using their influence on the North Koreans to withdraw to behind the 38th parallel. Public opinion might consider this an unwise form of appeasement.

9. *Mr. Pearson* said that there had been a large body of opinion before the Korean conflict that had considered that the time had come to admit Communist China to the United Nations. It might be suggested to the Russians that when the North Koreans had returned to the 38th parallel, sympathetic consideration would be given to reactivating the Security Council.

10. *The Minister of Transport* reported that conversations had been held with officials of Canadian Pacific Airlines, who at present were operating a weekly service to the Orient, on the possibilities of their participating in the air lift to supply and reinforce U.N. forces in Korea. They had indicated that, if their Australian service were abandoned, they could make available three Canadair Four's and trained crews for four aircraft of that type. These crews had had experience in the route which was to be flown and perhaps some form of combined operation could be worked out with the R.C.A.F.

11. *Mr. St-Laurent* submitted and read a draft statement for the press,[28] indicating in general terms the steps planned to accelerate the Canadian defence programme, announcing the projected participation in the airlift to supply and reinforce the U.N. forces in Korea and pointing out the considerations which had led to these decisions.

12. *The Cabinet*, after further discussion, approved:

(a) a contribution of a squadron of North Star aircraft for supplying and reinforcing the U.N. forces in Korea; consideration to be given to the possibility of Canadian Pacific Airlines participating in such an airlift;

(b) a general increase in defence expenditures, as submitted by the Minister of National Defence, involving an additional cash commitment for this fiscal year of between $40 and $50 million and an increase in personnel for the three armed services of 5 to 6 thousand;

(c) the draft statement submitted by the Prime Minister indicating in general terms the additional steps taken to assist the United Nations operations in Korea

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[28] Non retrouvé. Pour la déclaration prononcée par le premier ministre, voir *Le Canada et la crise coréene*, pp. 32-33.
Not located. For the Prime Minister's statement as delivered, see *Canada and the Korean Crisis*, pp. 28-29.

and to accelerate the Canadian defence programme, subject to certain additions and changes.

50. L.B.P./Vol.35

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

PERSONAL AND CONFIDENTIAL Ottawa, July 20, 1950

Dear Hume [Wrong],

You will have received by now the statement on Korea which the Prime Minister gave to the press yesterday at the end of the afternoon session of the Cabinet meeting. That is as far as we intend to go here in participation in U.N. action in Korea at this time. Of course, one can make no predictions for the future; whether we should do more will depend on developments, but we certainly do not intend to be stampeded into action by feverish press editorials in this country or in the United States, or by suggestions from United States officials that we are "dragging our feet". Stanley Woodward and Julian Harrington have both, I suspect, been instructed by the State Department to make every effort to impress on us that we should send land forces to Korea, but they have not had much success. I do not need to tell you that we tend to react vigorously to pressure of this kind exerted by our neighbour. For instance, the other day the U.S. Ambassador made a special appointment to leave with Arnold [Heeney] a memorandum, a copy of which I am enclosing for your personal information. As you will see, the memorandum contained certain reports, designed, no doubt, to prod us to action, which, even if they had been accurate, would not have had that result. In fact, we had already learned that they were not authentic in so far as Pakistan is concerned, while the suggestion that we should follow Colonel [Juan] Peron's lead in fighting for justice and peace is pretty ridiculous.

I am afraid that American public opinion is becoming somewhat too excited and somewhat unreasonable over the inability of other nations at once to follow their boys into Korea. I would hope that some sensible sentiments might be uttered on this matter at Washington, but I suppose that this would be difficult in view of the state of public opinion there.

Another form of U.S. activity which worries us is pressure brought to bear on the United Nations Secretariat to take action which may not be wise in itself. The best example of this is the unhappy démarche of the Secretary-General last Friday — unfortunate both in the way it was made and what it was aimed to achieve. Our evidence, however, indicates that Trygve Lie was subjected to strong and, I think, unwise pressure by the Americans in New York, and that he was weak enough to yield to it.

There is a feeling in certain quarters in Canada that while United Nations intervention in Korea is genuine and to be supported, the Americans may try to exercise

too strong a control over that intervention for their own purposes. I think Washington has been sincere and praiseworthy in its efforts to work through and with the United Nations, but you can find evidence to strengthen the suspicion indicated above. I think that they should be very careful in Washington not to play into the hands of those communists and their friends who claim that the U.N. is merely a cover for U.S. policy in regard to Korea. No doubt they appreciate this in the State Department, but Congress is another matter.

We have also been uneasy over certain revelations of weakness and instability in U.S. policy which recent Korean developments have disclosed. Messages from Europe indicate that the initial feeling of exhilaration there at U.S. and U.N. action is also being modified by similar anxieties. Certainly the complete ignorance of the U.S. authorities of what was transpiring in North Korea was shocking, but I think even more disturbing is the great gap that apparently existed between military and diplomatic policy in respect of Korea. It would appear that the military people had written Korea off as a place where military intervention would be required and, therefore, naturally, were not prepared for such intervention. On the other hand, the White House and the State Department reacted immediately and vigorously and rightly in favour of such intervention when the occasion required it. This must have been as great a surprise to the U.S. military as it was to the Kremlin. Surely the President and the Secretary of State should have let the military people know long ago that if and when an aggression was committed on the Korean Republic, the U.S. would take the lead in calling the U.N. into action. Sceptical persons, of course, say that this lead was taken in Korea, but would not be taken if a similar situation arose in Indo-China or Burma or Iran, etc. We may soon find out whether there is any basis for this scepticism, which, I should add, I do not share.

There is also a real anxiety, more particularly I think in the United Kingdom and certain European countries, that the linking together by the President, in his first statement, of Korea and Formosa might result in the extension of the conflict to Communist China. Certainly that first statement gave the Communist Chinese a golden opportunity to accuse the Americans of aggressive intentions against China, which they have exploited to the full. I realize that domestic considerations made a reference to Formosa necessary, but that merely underlines my point that U.S. domestic considerations may get the rest of us into trouble which otherwise could be avoided. I used to feel myself in Washington that the Administration always exaggerated their domestic and congressional difficulties as an explanation of whatever action or inaction they were engaged upon at the moment. I should, of course, add that the President's admirable statement yesterday regarding Formosa will do much to straighten the record in this particular.

Then there is the anxiety that the Korean campaign may engage too great a proportion of available U.S. strength which, in its turn, may create a feeling almost of despair in the free European countries. For this reason alone, I would have thought that the U.S. would have played down, rather than played up, the magnitude of the Korean conflict. Certainly, appeals to the world for help in this conflict is not playing it down. In this connection, I should think that the President's statement to Congress will be very helpful because it showed that the United States is not una-

ware of the danger, even the greater danger, facing other sectors of the democratic front, and is willing to take heroic measures to meet it.

What we can do up here is, of course, limited by public opinion, but I think that we can and should do considerably more than we have done. The first step in that direction was taken yesterday; no doubt it will have to be followed by others. It will, however, be more difficult, and not easier, to take those steps if the impression is given that the U.S. is bringing pressure on us, or suggestions are made that we are not pulling our weight. This is, of course, the first time that the U.S. have taken the first strain of an attack against a group of allied countries, and I wish that they could take it without so much fuss. However, that is the way they do things and they will, of course, once they get settled down, see the thing through at any cost and, I assume, at any point where the issue is joined.

So far, we have carried the Canadian people along. Even opinion in Quebec has been relatively calm and is becoming friendlier to stronger Canadian action. A false step would destroy that general support, and in the interests of the U.S. as well as ourselves, we should be careful not to take it.

I realize that most of the observations and comments I have been making in this letter are already familiar to you, and that you will have been making many of them yourself. It is so important, however, that we in Ottawa and you in the Embassy should completely understand one another at each point in the developing situation, that I have set down fully and freely my impressions as I look at matters here. I know that you will feel free to comment in like manner. I should like to say also that we are all very grateful for the full, frank and prompt reports which have been reaching us from you during these very difficult days.

Yours sincerely,

L.B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

Note de l'ambassadeur des États-Unis

Memorandum by Ambassador of United States

STRICTLY CONFIDENTIAL [Ottawa], July 18, 1950

In strict confidence the State Department has been informed that Pakistan is seriously considering a contribution of a brigade of seasoned ground troops for Korea.

Also that New Zealand is seriously considering contribution of ground forces.

The Department is also informed that Colonel Peron is preparing troops in hope that Argentina will be the first Latin-American country to provide military aid in Korea.

Continuing reports indicate movement to north of Chinese Communist troops from South China and Indo-China border.

51. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
au délégué permanent par intérim auprès des Nations Unies

Secretary of State for External Affairs
to Acting Permanent Delegate to United Nations

TELEGRAM 359 Ottawa, July 21, 1950

SECRET. IMMEDIATE.

Repeat Washington EX-1150; London No. 1043.
Following from Heeney, Begins: My immediately following message contains the text of a communication which you are to deliver as soon as possible to the Secretary-General, in person. This is in reply to Mr. Lie's message of July 14 concerning assistance in Korea.

2. You will observe that the communication referred to in paragraph 1 follows largely the Prime Minister's statement of July 19, and that you are to attach to it a copy of that statement.

3. When you see the Secretary-General, you should take the opportunity of expressing the Canadian Government's interest in the idea of a United Nations Committee on the co-ordination of assistance for the defence of Korea. You might intimate that we are now inclined to the view that such a committee would perform a useful service, particularly in maintaining the United Nations character of the action being taken. For your own confidential information, we are more favourable now to such a committee because of the unfortunate manner in which the Secretariat have handled this whole business in many ways.

4. It may be that Mr. Lie will mention the reference made in our reply and in the Prime Minister's statement to participation in a United Nations force. If this question arises naturally in your conversation you should say that, if the Security Council takes steps to authorize the raising of such a force, the Canadian Government would be disposed to recommend to Parliament Canadian cooperation. For your own guidance, what our Minister has in mind is the possibility of a force (perhaps of divisional strength) which could be recruited in various countries, would be paid for by the United Nations and which would be trained and equipped by the United States. This, however, represents very tentative thinking and should not (repeat not) be put forward as a Canadian proposal.

5. We assume that the United Nations Secretariat will take steps to release our reply immediately after delivery. Please notify us at once so that simultaneous release can be made in Ottawa. Ends.

52. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
au délégué permanent par intérim auprès des Nations Unies

Secretary of State for External Affairs
to Acting Permanent Delegate to United Nations

TELEGRAM 360 Ottawa, July 21, 1950

SECRET. IMMEDIATE.

Repeat Washington EX-1151; London No. 1044.
Following is the text referred to in Heeney's immediately preceding message of the reply to be delivered to the Secretary-General concerning Korea. Text Begins.

I have the honour to acknowledge receipt of your message dated July 14th, 1950, concerning additional assistance to the forces operating in Korea under authority of the Security Council's Resolution of June 27th.

I am instructed to inform you that the Canadian Government has given full and earnest study to the request contained in your message in the light both of the needs of the Korean situation and of the other interests and responsibilities of Canada.

The Canadian Government understands that there is an immediate need for additional air transport. It has therefore decided to make available, at once, to the United Nations a long range air transport squadron including ground crews of the Royal Canadian Air Force, for assistance in the Pacific air lift. In accordance with your suggestion, the detailed arrangements for the participation of this squadron will be made with the unified command established under authority of the Security Council.

With respect to ground forces, for the reasons indicated in a statement issued by the Prime Minister on July 19th (of which I am enclosing a copy)† the Canadian Government is unable, at this stage, to despatch existing first line elements of the Canadian Army to the Korean theatre.

You will observe that in Mr. St. Laurent's statement reference is made to the Canadian Government's willingness to give consideration to participation in a United Nations force for service in Korea should a decision to that effect be taken by the Security Council.

With respect to naval assistance, you are aware three Canadian destroyers are already proceeding to Korean waters for service under the unified command.

Text of message ends.

As you will observe from the Prime Minister's statement, the Canadian Government, having in mind its defence responsibilities, including those as a member of the United Nations, is taking immediate steps for strengthening and increasing its armed forces. Ends.

53. DEA/50069-A-40

Le délégué permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations to Secretary of State for External Affairs

TELEGRAM 507 New York, July 22, 1950

SECRET. IMMEDIATE.

Repeat Washington No. 74.
Following for Heeney, Begins: Your teletype No. 359 of July 21st, message to Secretary-General concerning Korea.

1. As I reported by telephone, I delivered the communication contained in your teletype No. 360 to Mr. Lie at 4:45 Friday afternoon. Mr. Lie read the message eagerly and expressed relief and satisfaction in a manner which I am confident was much more than courtesy. He said that the R.C.A.F. squadron would be very helpful. What seemed to please him most was the reference to ground troops, because of the implication that the door was not closed. Along with this, he read with satisfaction the reference to the strengthening of the Canadian forces. His satisfaction on this account was not surprising in view of the increasing criticism of him for having taken what members of the Secretariat refer to as a "calculated risk" in sending the message. During a press conference just before I saw him, the Secretary-General had been under very heavy pressure to admit that the response to his plea had been a failure.

2. After the Secretary-General finished reading the communication and the Prime Minister's statement, he said it was the best reply he had received. He said that that morning he had had to publish nine replies which were not very good replies and he was very angry (he did not say at whom). The Canadian reply, however, was much better, and he would like to publish it immediately. However, he said that he could not publish the replies until publication had been cleared with the Unified Command. This clearing, however, was arranged expeditiously. Cordier gave Gross the gist of our message on the telephone, and pointed out that it was obviously a message which would be acceptable to the command and that there was, therefore, no need for direct negotiation between the Unified Command and the Canadian Government before the letter was published in final form. Gross agreed and the letter was immediately issued as a Security Council document.

3. Cordier, who was called in to read the message, was equally pleased by it. His particular source of satisfaction was the reference to a "United Nations force", an aspect of the message to which the Secretary-General had not previously referred. Cordier said that this Canadian reference to such a force would give them something to build on — the Secretariat could not make such a proposal. They thought that so important a matter should be authorized by the Security Council. He liked, therefore, the way in which the Canadian reference to the force was made. Mr. Lie

expressed agreement, adding "you go and tell the Americans and the British, especially the British".

4. In accordance with your instructions I told Mr. Lie that the Canadian Government was interested in the idea of a United Nations Committee. He said that this had been his original idea and he still would like a Committee. I could not get him to say very specifically what he thought such a Committee could do, although he emphasized that it would not have any military responsibility. He referred, however, to the offers of assistance of various kinds which were coming in, and said that a Committee would be very helpful in coordinating this aid. I asked him if he thought that a Committee would be helpful to him and relieve him of some responsibility, and he said most emphatically that it would. Cordier, who still likes the idea of a Committee, pointed out nevertheless that there were some serious disadvantages. He was primarily worried about the problem of membership. He thought, however, that as the replies were coming in to Mr. Lie's message it might be easier to judge what countries should be represented on such a Committee. Ends.

54. DEA/50069-A-40

Note du chef de la Direction de liaison avec la Défense

Memorandum by Head, Defence Liaison Division

[Ottawa] July 25, 1950

CPAL OFFER OF PLANES FOR THE PACIFIC AIRLIFT

Mr. Baldwin, of the Air Transport Board, telephoned Mr. [C.S.A.] Ritchie on Friday, July 21, saying they were puzzled by the refusal of the offer of CPAL planes for the Pacific Airlift, and asked if we could find out why. In a telephone conversation with Mr. Ignatieff on July 24, I was told that the Canadian Service representatives in Washington were informed that the U.S. were not transporting personnel by air except a few senior officers but that their need was for freight transport. Mr. Ignatieff said the U.S. authorities were very appreciative of the offer of the RCAF Transport Squadron. I telephoned Mr. Baldwin to this effect.

R.A. M[ACKAY]

55. L.B.P./Vol. 35

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

TOP SECRET Ottawa, July 26, 1950

The United States Ambassador and Mr. Harrington came to see me this morning and left the attached memoranda.† One of these deals with recent increases in the

military staff of the United States and the other with participation by all members of the United Nations in support of the United Nations effort in Korea.

2. In regard to the first, Mr. Woodward said that his Government hoped that the present meeting of the Deputies of the North Atlantic Council in London would result in an agreement to increase and strengthen the military effort of all the members of the Council. He hoped that the others would be able to take certain additional steps along the lines of those announced by President Truman.

3. Insofar as aid to Korea is concerned, his Government is most anxious that United Nations countries should offer ground forces. He felt that the symbolic significance of this would be very great, even if, as might be the case, some of the offers were not accepted by the unified command. e.g. Turkey, from which it would certainly be unwise to send troops.

4. I outlined to Mr. Woodward the Canadian position, but I told him that I would discuss the matter with you in the light of his visit and his memorandum. He said that they were particularly anxious that Canada should participate, as the nearest neighbour and the closest friend of the United States. I pointed out to him that there were certain considerations which had made the offer of ground forces undesirable at the present time and which still applied to our permanent army. However, we appreciated the importance of making this a United Nations effort, and we accepted the implications of that stand. I mentioned to him in passing that when we approached the State Department on occasions for co-operative assistance in military matters, we were often told that they could not discriminate in favour of Canada against Latin American countries. I hoped that this non-discrimination would apply to obligations as well as contributions. He appreciated the point and said that they were very anxious to have Latin American participation in land forces. I then mentioned that a distinction should, I think, be drawn between the political and military significance of small military contributions. The former might be important, while the latter might have little effect. The addition of military driblets to Korean forces might be a nuisance. I added that it was very unwise of people in Washington to relate mathematically U.S. and Canadian defence efforts and contributions. They had the main authority and responsibility and had to pay the price of it. Mr. Woodward did not demur at this.

5. I thought that this was a good opportunity to bring up another matter which has been interesting me. So I mentioned to Mr. Woodward the great importance of giving some United Nations consideration at once to the ultimate political settlement in Korea. It seemed clear that it would not be possible or desirable to return to the status quo, but it was equally undesirable that Asian peoples should think the ultimate settlement might be an American one. Therefore, would there not be something in favour of setting up at once a United Nations Commission to examine a new political settlement for Korea. This, I think, would have a very beneficial effect in Asia. The Commission might consist of five members, three of whom could be Asian leaders such as Nehru, Liaquat Ali Khan or Thakin Nu.[29] Even if

[29] U Thakin Nu, premier ministre de Birmanie.
U Thakin Nu, Prime Minister of Burma.

these statesmen might not themselves serve, they could appoint deputies. Woodward was interested in this idea, and no doubt will pass it on to Washington. Indeed, I hope they have already been considering something like it in the State Department.

L.B. P[EARSON]

56. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], July 27, 1950

A meeting of the Cabinet was held on the train carrying the late Rt. Hon. William Lyon Mackenzie King to Toronto on Thursday, July 27th, 1950.

. . .

FUNERAL OF MR. MACKENZIE KING

The Prime Minister expressed appreciation of the organization by the Minister of National Defence, and the officials who had worked under him, of the state funeral for Mr. King.

KOREA; GENERAL SITUATION; REQUEST FOR CONTRIBUTION OF CANADIAN FORCES

2. *The Secretary of State for External Affairs* outlined the military situation in Korea. There appeared to be about a 50-50 chance of holding the South Korean bridgehead. A communication had been received from the United States Ambassador requesting the contribution of a Canadian ground force. He outlined the assistance that had been promised by certain other United Nations countries. His own opinion was that the government should recommend to Parliament that a brigade group be specially recruited as volunteers for a United Nations force to fight in Korea. Canada had every interest in strengthening the U.S. position as leader in the struggle against Communism. The lesson of effective United Nations co-operation would not be lost on the U.S.S.R.

3. *The Minister of National Defence* said the decision of the British government to make a brigade group available had apparently been made notwithstanding the advice of the Chiefs of Staff concerning the lack of available United Kingdom strength. The political considerations which led the United Kingdom to that decision applied with even greater force to Canada. He suggested possible ways in which a ground force could be raised for use in Korea.

4. *The Minister of Trade and Commerce* thought pressure to send troops would be irresistible once the United Kingdom, Australia and New Zealand had agreed to send ground forces.

5. *The Minister of Fisheries* agreed. He did not see how Canada could honourably fail to come to the aid of the United States.

6. *The Leader of the Government in the Senate* thought that, irrespective of any aid to United Nations forces in Korea, Canadian preparedness should be increased. Parliament ought to be summoned at an early date.

7. *The Cabinet*, after further discussion, agreed that decision be deferred on the dispatch of a Canadian ground force to assist the United Nations forces in Korea; the Secretary of State for External Affairs pending further consideration, to continue discussion of the matter with the Secretary of State of the United States.

57. L.B.P./Vol. 35

Note du chef de la Direction des Nations Unies pour le secrétaire d'État aux Affaires extérieures[30]

Memorandum from Head, United Nations Division, to Secretary of State for External Affairs[30]

SECRET Ottawa, July 28, 1950

PROPOSALS FOR A UNITED NATIONS GROUND FORCE

As I understand it, the proposal for a United Nations ground force originated in the Secretary-General's office as a result of a flood of offers of voluntary service which has been received by the Secretariat during the past few weeks. The Secretary-General and Cordier were perplexed as to what to do with these offers of service. As matters stood, the only response that could be made was to advise the volunteers to join the United States forces, or alternatively to hope that circumstances would arise which would make it possible for them to serve the United Nations in the forces of their own country.

2. As a result of this situation the Secretariat turned their minds to the possibility of a United Nations force. I think they originally had in mind a kind of Foreign Legion, made up of individual volunteers from various member states. They were anxious, however, to avoid having merely a company of adventurers and soldiers of fortune, and therefore were anxious from the beginning to secure the assistance of member states in the process of recruitment.

3. The idea that organized contingents should be contributed to a United Nations Division was an idea which subsequently emerged in the discussions. The proposal received little encouragement in either form (United Nations Foreign Legion or United Nations Division of organized national units) and lay dormant until the reference to it in the Prime Minister's statement brought it to light. The Secretariat then tried to carry the matter further by suggesting that General MacArthur be asked to name a non-American General to organize, train and possibly to command the non-American ground forces which took part in the campaign. Cordier said that he thought sufficient authority now lay with the United Nations commander to

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[30] Ce document et les deux qui suivent ont été préparés en vitesse pour L.B. Pearson avant son départ pour Washington et New York.
This and the following two documents were hastily prepared for L.B. Pearson prior to his departure for Washington and New York.

name such an officer without further action by the Security Council, although he agreed that further action might be both necessary and desirable.

4. Throughout these informal discussions, the Secretariat was obviously apprehensive lest it be got into the position of making proposals that were unacceptable to member states. The proposal therefore lacked any real sponsorship. This accounts for the fact that there has recently been the tendency to suggest that it is a Canadian idea.

5. There are, of course, certain inconsistencies which are made apparent by the proposal. A United Nations ground force, specifically so called, would underline the fact that the United States forces now operating in Korea are technically not United Nations forces, nor did they operate under a United Nations command. General MacArthur would therefore become a dual personality — a United States General commanding United States troops in an American war, and a United Nations commander commanding United Nations troops in a United Nations war. This, of course, strictly speaking, is the position as it now exists, but the anomaly created by the constitutional inability of the United States to place its troops under a United Nations commander is blurred and concealed by the present position.

6. A further anomaly would arise if some states which contributed ground forces preferred to attach them directly to the United States forces rather than indirectly through a U.N. Division. It would be necessary, therefore, to make sure that the U.N. Division did not become merely a remnant of troops which for one reason or another were not made directly part of the United States forces.

7. I attach a list of the questions which it occurs to me that you might wish to take up while you are away.[31]

R.G. RIDDELL

58. DEA/50069-A-40

Projet de déclaration proposée du secrétaire général des Nations Unies au Conseil de sécurité

Draft Proposed Statement by Secretary-General of United Nations to Security Council

[Ottawa], July 28, 1950

In response to appeals to member states for assistance in repelling the armed attack against the Republic of Korea, contingents of ground forces have now been made available by a number of member states for service under the United Nations unified command provided for in the Security Council resolution of July 7; and recruiting for this purpose is now in progress. These contingents will therefore constitute an international force which will be integrated with the United States and Korean ground forces now operating under the United Nations Commander in the area. The detailed procedures for working out the necessary arrangements for this

[31] Non retrouvé./Not located.

purpose are already the subject of discussion between the member states concerned and the United States Government, for consideration by the unified command.

It is to be hoped that other members of the United Nations will come forward with further offers of contingents for service with these United Nations forces.

59. DEA/50069-A-40

Note du sous-secrétaire d'État suppléant aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Deputy Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], July 28, 1950

CANADIAN GROUND FORCES FOR KOREA

You might find useful the following draft of a statement which might be made by the Prime Minister on the provision of Canadian ground forces for Korea:

The Secretary-General of the United Nations on _____ issued the following statement:

In response to appeals to member states for assistance in repelling the armed attack against the Republic of Korea, contingents of ground forces have now been made available by a number of member states for service under the United Nations unified command provided for in the Security Council resolution of July 7; and recruiting for this purpose is now in progress. These contingents will constitute an international force which will be integrated with the United States and Korean ground forces now operating under the United Nations Commander in the area. The detailed procedures for working out the necessary arrangements for this purpose are already the subject of discussion between the member states concerned and the United States Government, for consideration by the unified command.

In view of this statement and of the situation which has developed since I made my statement of July 19 on Canadian assistance to United Nations forces in Korea, the Canadian Government will recommend to Parliament that a United Nations contingent of the Canadian Army consisting of a Brigade group be raised for service with the international force of the United Nations operating in Korea under the United Nations Commander. Parliament is being summoned to meet on August _____ and this recommendation will be submitted to Parliament for approval.

E. R[EID]

60. DEA/50069-A-40

Le délégué permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations to Secretary of State for External Affairs

TELEGRAM 545 New York, July 31, 1950

Repeat Washington No. 84.

KOREA

Reference my immediately preceding teletype,† the following is the text of a statement made by Sunde as President of the Security Council immediately before the adjournment of this afternoon's Security Council meeting, Begins: The Council may wish to take note of the response to the request for participation by members of the United Nations in police operations against the aggressor in Korea. Land, naval and air contingents have been or are being made available to assist South Korean and United States forces which are at present bearing so courageously the burden of combat. These contingents will constitute with those already in action the United Nations force — to operate together under a unified command. This is a development of great practical and even greater historical significance. The Council in taking note of it will, I feel sure, wish to add an expression of its hope that other contributions, particularly of land troops, can be added as soon as possible to the United Nations forces which are now being assembled.[32]

61. DEA/50069-A-40

Le délégué permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations to Secretary of State for External Affairs

PERSONAL AND CONFIDENTIAL New York, August 1, 1950

Dear Mr. Pearson,

There were a few incidents consequent upon your lunch yesterday with the Secretary-General in which you might be interested.

While I was in the Delegates' Lounge just before the Security Council meeting began, Mr. Lie came in and headed straight for Mr. Sunde. I was considerably encouraged to notice that Mr. Lie was waving a familiar piece of paper and obviously seeking to convince Mr. Sunde in Norwegian of the desirability of some-

[32] La première phrase de ce télégramme a été corrigée le 1er août 1950 pour se lire comme suit : The first sentence of this telegram was corrected on August 1, 1950 to read:
"As president of the Security Council, and before adjourning, I would like to note with satisfaction the response to the request for participation . . . "

thing. As you are aware from our telegram no. 544 of 31 July, Mr. Sunde at the conclusion of the Security Council meeting made a statement which was almost exactly that which you had drafted. It may be, of course that the slight changes in the introduction were agreed upon between you and Mr. Lie.

After the meeting Mr. Lie sought me out in the Delegates' Lounge to tell me that the President had made the statement, and asked me to be sure to let you know. I said that I would certainly do so immediately and that I was sure you would be very much gratified. Mr. Lie, who has been criticized so frequently of late, seemed almost childishly happy about pleasing you. I was somewhat disturbed, however, when in an excess of enthusiasm he said that he would see that this statement got good publicity. At this point he called Tom Hamilton who happened to be walking past. He told me that he had already told Hamilton to play up the statement. He thereupon departed, waving the piece of paper at both of us, and protesting loudly that this was not his work, it was mine. He concluded: "You see, I'm not the one this time that asks for ground forces." Hamilton turned to me, somewhat bewildered, to find out what this was all about. He said that Mr. Lie had told him previously that the Canadians and the South Americans wanted this reference to an international force. He said that he was in the process of writing a story on the subject and would like to know more. It seemed to me that it would be very unfortunate if Hamilton indicated that we had been directly responsible for Sunde's statement, and I endeavoured to divert him therefore by references to the mention of an international force in Mr. St. Laurent's statement.

You may be interested in the attached article entitled "Swedish Delegate Urges U.N. Force" which appeared in this morning's *New York Times*.† This is the article which Hamilton wrote. The reference to Canada's interest is, I think, quite innocuous.

Yours sincerely,
JOHN W. HOLMES

62. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], August 2, 3 and 7, 1950

Meetings of the Cabinet were held in the Privy Council Chamber on Wednesday, August 2nd at 2.30 p.m., Thursday, August 3rd, at 3.00 p.m. and Monday, August 7th, at 11.30 a.m. and 2.30 p.m.

. . .

KOREAN SITUATION

1. *The Secretary of State for External Affairs*, referring to discussions at the meeting of July 19, 1950, reported that he and the Secretary to the Cabinet had had discussions recently on Korea and related matters with the United States Secretary

of State, senior U.S. and U.K. officials in Washington, and with the Secretary-General of the United Nations.

Mr. Acheson had emphasized that the Korean situation could only be dealt with and intelligently understood as a phase (and not in the long run the most important phase) of the general conflict between the free and Communist worlds. Strategically, Korea was not important and the decision to resist aggression there had been primarily determined by political considerations. The incident, however, had underlined a very dangerous international situation. Great importance was attached to the United Nations' character of the action as, if United States forces were committed alone, there was danger that American public opinion would favour preparing in isolation for the possible larger conflict ahead. If all free democracies would co-operate towards putting themselves in a position to save freedom from the menace of international Communism it would be infinitely easier for each of them to achieve a common objective to preserve peace.

As far as Korea was concerned, Mr. Acheson was emphatic that even single battalions would be not only of political value but effective help. He did not feel that the danger of directing too much strength to Korea was a real one. Six or seven divisions would be all that would be required. These would not in any event save the free world if a general conflict began but they could be very valuable in Korea, would make general war less likely and co-ordinated international effort for further re-armament far more acceptable to public opinion than if the United States withdrew from Korea, were defeated there, or won there alone.

Mr. Acheson then outlined the very extensive measures the U.S. Government would take to increase its own preparedness and that of its allies. The United States were most anxious to have this positive evidence of their own determination matched with equal determination in friendly countries. In the case of a general war, American forces in Korea would have to be withdrawn as soon as possible. The free countries would have to do what they could to defend themselves while American air power was brought to bear on Russian cities and industries. If there were aggression elsewhere similar to that committed in Korea through Communist satellites, he thought the United Nations should meet the challenge in the same way it had in Korea, although the United States would probably not be able to take the initial responsibility in repelling aggression that it had been able to take in Korea.

2. *Mr. Pearson* also reported on the discussions with senior U.K. and U.S. officials. These had been principally on the way in which the United Nations contributions of ground forces could be integrated into the operations in Korea under the United Nations Command. There would appear to be four possible types of offers of forces from countries other than from the United States:

(1) trained and equipped formations. The Americans believed that a trained formation such as a brigade, a regimental combat team or even a battalion would be the most useful and effective contribution under present conditions. Presumably, a formation of this kind would be offered to the United Nations and the Unified Command would use it as it saw fit.

(2) formations of volunteers to be recruited, equipped and trained in their own countries. This was a variant of (1), but, instead of trained and equipped forma-

tions, there would be volunteers who would have to be trained and equipped. Discussion suggested that it would be desirable for volunteer formations of this kind to be trained together as, say, an international division. They might require U.S. equipment and training or, if the majority of the forces so raised were using British equipment this might be used for the whole division. It was possible that, in this way, there might be a United Nations division of U.K., Australian, New Zealand, Pakistan, Turkish and Canadian troops.

(3) volunteers to be recruited and trained as a national contingent in a United Nations division. The obligation of each nation would be to enlist volunteers and accept financial responsibility for maintenance and equipment. Personnel would, however, be trained from the beginning in a United Nations mixed division or brigade though kept together as a national group within that formation.

(4) individual volunteers for a United Nations formation organized along the lines of the French Foreign Legion. This was an extension of the international force idea of (3). In this case individuals would be recruited not as nationals but as soldiers for a United Nations legion. The United Nations would, presumably, be responsible for financing, equipping, maintenance, and so on.

(Minister's memorandum for the Prime Minister August 2nd, 1950).†

3. *The Minister of National Defence* reported on action that had been taken in accordance with the previous Cabinet decision to accelerate the defence programme and to provide assistance for the United Nations forces in Korea.

Inquiries had been received from the United Kingdom about Canadian participation in a Commonwealth division for Korea. There were a number of courses of action that might be followed; part of the existing brigade group could be made available to the United Nations for service in Korea; a formation could be recruited especially for this purpose; or a special service force organized which would not be specifically tied down to Korea but designed to serve the purposes of the North Atlantic Treaty or of the United Nations.

There would appear to be more likelihood of obtaining 4,000 or 5,000 men for either of the latter two alternatives if it was indicated that recruiting was definitely for service in Korea or elsewhere. It would take about six months to raise and train forces of this nature and the cost of maintenance in Canada for this period and for a further six months overseas would be approximately $25 million. A separate supply line would be impractical and undesirable and the forces could be tied in with either the U.S. or Commonwealth units, preferably the latter. The other types of United Nations forces suggested presented serious military difficulties.

If it were decided to raise a brigade group this could be done without calling Parliament as long as the unit remained in Canada. Money now allotted for pay and food could be diverted to cover the costs provided that Supplementary Estimates were voted when Parliament re-convened. If any action was to be taken it was of the greatest importance that this be done with the minimum of delay as it would be necessary, for instance, to put a number of buildings in habitable condition before the onset of winter.

4. *The Prime Minister* said that it should be made clear that any force to be raised in Canada would be used for any action Canada might be required to take under its

obligations to the United Nations or the North Atlantic Treaty Organization. In accordance with the commitments made at the end of the last Session, it would, of course, be necessary to summon Parliament at a later date. It should be noted, however, that Parliamentary approval was not required to place Canadian forces on active service. The Defence Act (Section 33), merely provided that whenever Canadian forces were placed on active service Parliament should be called within ten days in order that it could be informed of the step taken.

5. *Mr. St-Laurent* submitted for approval a draft statement[33] that he proposed to make over the National Network of the Canadian Broadcasting Corporation with respect to Korean developments and the steps proposed to be taken by the Government in this connection. The statement would review international developments during the past few weeks and would state, amongst other things:

(a) that no part of the Canadian Airborne Brigade group could be despatched immediately to Korea without dangerously weakening the defences of this country;

(b) that Canada was and, since the inception of the United Nations, has been ready and willing to contribute to an International Force under the aegis of the United Nations; such a Force, however, had never been organized, largely because of wilful obstruction on the part of the Soviet Union;

(c) that in view of recent deteriorations in the international situation, and of the police action taken by the United Nations in Korea, the Government would step up its defence operations, and would begin immediately recruiting a Special Force of the Canadian Army, to include infantry, artillery and other elements; this Special Force would be trained and equipped to be available for use in carrying out Canada's obligations under the United Nations Charter or the North Atlantic Pact, in Korea or elsewhere;

(d) that a Special Session of Parliament would be called, probably in six or seven weeks' time.

6. *The Minister of Finance* pointed out that Canada, as well as other western countries, would probably have to go on a semi-war economy during the next few years. At the coming Session of Parliament it should be made clear that the considerable increase in the defence budget would necessitate restraining certain purely peace-time productive activities. It was also probable that accelerated defence measures would cause a renewed inflationary spiral which might have to be curbed by the imposition of controls. It was not felt, however, that wage and price controls generally would be necessary in the near future. Some steps might have to be taken in the fields of commodity taxes and consumer credit.

Generally speaking, it would seem unwise to announce immediately any estimate of detailed cash requirements. It would probably be wiser to over-estimate than under-estimate the costs involved in order to facilitate establishment of the fiscal measures required consequent on the defence programme and possibly resultant inflation.

It was estimated that the surplus for the current fiscal year might reach $100 million, as compared with the $20 million surplus forecast at the time of the last

[33] Non retrouvé./Not located.

budget. It was, therefore, possible that this surplus might be sufficient to absorb increases in the defence budget this year.

7. *The Minister of Trade and Commerce* did not believe that the increased defence measures would have any strong impact on the economy for some six months or more. The only serious increase in prices which were likely to occur during the next few months would be in food and certain imported commodities.

8. *The Minister of National Defence* submitted proposed increased and accelerated programmes for the armed services.

The Naval programme included the successive commission of 1 cruiser, 3 destroyers, 1 frigate and 2 minesweepers presently in reserve; increase in training facilities; the preparation of seaward defences; acceleration of shipbuilding projects by authorizing the construction of 4 additional A.S. vessels, 10 minesweepers and 4 gate vessels (increasing the total shipbuilding programme from 8 to 26 vessels); the purchase of 12 Sea Furies from the United Kingdom for the aircraft carrier *Magnificent*; the rearmament of destroyers with 3"50 guns; and an increase in stocks of ammunition. Present allotment for the Naval Forces totalled $82 million. The augmented Naval programme would entail additional cash requirements of approximately $27 million for 1950-51, $58 million for 1951-52 and $46 million for 1952-53. It was proposed that the authorized Naval establishment be increased from 9,600 to 16,105.

The increased Army programme would include bringing the Brigade Group to strength; the provision of 2 additional AA batteries; the accelerated procurement of anti-tank weapons and rocket launchers; the provision of additional accommodation; an increase in training facilities; and the recruiting, training and equipment of a Special Field Force of 4,485 officers and men, comprising a brigade headquarters, 3 infantry battalions, 1 field artillery regiment, 1 field ambulance, 1 infantry workshop, 1 transport company, and other necessary services. Reinforcements would also have to be provided for the Special Field Force. First line reinforcements would total approximately 900. The present Army allotment totalled $130 million. The accelerated programme would entail additional cash requirements of approximately $15 million in 1950-51, $32 million in 1951-52 and $28 million in 1952-53. It was proposed that the authorized Army establishment be increased from 22,000 to 30,000.

The proposed R.C.A.F. programme would include, amongst other things, the provision of a total of 28 squadrons by the end of 1953. These squadrons would be made up of fighter, transport and photo-reconnaissance units. Aircraft required would include F86 and CF100 fighters, Lancasters, North Stars, C-119 transports and Mustangs. It was also proposed to increase aircrew training facilities for N.A.T.O. countries to bring the total aircrew training to 1,260 per annum, and to accelerate the provision of radar facilities with headquarters at Montreal, Vancouver, Toronto, and Halifax. The present R.C.A.F. allotment totalled $169 million. The increased programme would involve additional cash requirements of approximately $48 million in 1950-51, $122 million in 1951-52 and $127 million in 1952-53. It was proposed to increase authorized R.C.A.F. establishments from 17,800 to 26,146.

The total programme for all services would involve an estimated additional expenditure of approximately $90 million for the current fiscal year. Total authorized establishment for the three armed services would be increased from 49,400 to 79,341.

(National Defence Summary, Sheets 1 and 2, Aug. 5, 1950)†

9. *Mr. Claxton* pointed out that the Special Field Force of approximately 5,000 men would not form part of the regular Army. It was the intention to recruit these men for a predetermined period of time and for service abroad if required under United Nations and North Atlantic Pact commitments. Recruits to this Force would not contribute to nor enjoy benefits of the Active Force Pension Fund.

In order to fulfil the accelerated programme, it would be necessary to recruit between 5,000 and 10,000 men during the next two months. At the present time recruiting was at the rate of 1,000 or less per month. To facilitate recruiting as much as possible, it was suggested that the Veterans' Charter be made applicable to members of the Special Force. If this were done, veterans would be entitled to the same benefits upon being demobilized from the Special Field Force as were veterans of World War II.

In connection with the Special Field Force, it was proposed to take married or single men between the ages of 19 and 35, with the age limit increased to 45 years for tradesmen. Recruits should be Canadian citizens or British subjects having passed reasonable Pulhems tests. Preference would be given to veterans who, where possible, would be given the same rank as that held on honourable discharge following World War II. The period of enrolment would be for 18 months but, if a longer period were required because of action taken by Canada pursuant to an international agreement, there would be a liability to serve until no longer needed in consequence of such action or until the expiration of one year after the expiration of an emergency. This last provision would require an amendment to the Defence Act. Pay scales would be those of the Active Force and consideration would be given to provision of dependents allowances.

10. *Mr. Claxton* further pointed out that, to implement the proposed programme and begin recruiting immediately, it would be necessary to bring additional sections of the Defence Act into force. It would also be necessary to pass an Order in Council authorizing an increase in the permanent establishments of the three Services.

11. *Mr. St-Laurent* said, in connection with the proposed Naval programme, that it had been suggested that anti-submarine work was gradually becoming the most important aspect of Naval operations. It was further to be noted that the trend seemed to be towards the construction of larger aircraft carriers capable of handling jet-propelled craft. Although Canada's major role in the last war and subsequently had been one of anti-submarine work, it might well be that eventually this phase of Naval operations would be beyond the financial capacities of this country. If this proved to be correct, consideration should be given to a reallocation of military responsibility amongst the various N.A.T.O. countries. In any event, this possibility should be kept in mind and some indication of the problems involved should be given during discussions with representatives of other countries concerned.

It would also seem advisable to make a greater effort to achieve really effective mutual aid in the matter of procurement of armaments. As an example, the accelerated programme envisaged, amongst other things, the procurement of 12 Sea Furies from the United Kingdom. On the other hand, it had been noted that there was a surplus of some 400 A/A guns in good condition in Canada. If all or a portion of this A/A equipment could be used in the United Kingdom, it might be possible to arrange some sort of barter agreement. The advantages in this type of arrangement seemed obvious and would avoid, amongst other things, certain exchange difficulties that arose when purchases had to be made outright.

12. *The Cabinet*, after considerable further discussion:

(a) approved the statement proposed to be made by the Prime Minister on the evening of August 7th, over the National Network of the Canadian Broadcasting Corporation, subject to certain minor revisions;[34]

(b) approved in principle the proposal submitted by the Minister of National Defence for increased and accelerated programmes for the armed services, subject to certain reservations as to the proper balance to be achieved by the three services (with particular reference to a possible curtailment in future Naval expansion);

(c) approved the proposal of the Minister of National Defence for the recruiting of a Canadian Army Special Force under conditions as recommended, for use in discharging Canadian obligations under United Nations or North Atlantic Treaty commitments; an Order in Council to be passed accordingly;

(Order in Council P.C. 3860, Aug. 7, 1950)†

(d) agreed that a proclamation [be] issue[d] bringing into force Sections 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 47 and 48 of the Defence Act effective August 7th, 1950;

(Order in Council P.C. 3858, Aug. 7, 1950)†

(e) agreed that an Order in Council be passed authorizing increases in permanent establishments of the armed forces to 13,440 for the Navy, 30,800 for the Army and 24,920 for the R.C.A.F.;

(Order in Council P.C. 3859, Aug. 7, 1950)†

(f) agreed that an Order in Council be passed authorizing the Minister of National Defence to fix, with the concurrence of the Minister of Finance, the maximum number of persons in each rank and trade group of the Canadian forces;

(Order in Council P.C. 3897, Aug. 9, 1950)†

(g) noted the report of the Minister of Finance on the possible economic impact of the proposed accelerated defence programme.

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[34] Voir *Le Canada et la crise coréenne*, pp. 35-39./See *Canada and the Korean Crisis*, pp. 31-35.

63. L.B.P./Vol. 35

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

TOP SECRET Ottawa, August 3, 1950

LAND FORCES FOR KOREA

I have been trying to clear my own mind on this problem, in the light of our discussions yesterday. My view then was that we should call Parliament for September, to consider three main questions. I still feel that way.

The three main questions are:

(1) The strengthening of our defences and the economic and financial steps that may have to be taken as a consequence of our own and American rearmament. What is happening across the border cannot fail to have strong impact here. I think we should at once begin to examine these matters so that a concrete programme to deal with them can be laid before Parliament. If this programme does not require any legislative action at this time, should we not put Parliament in possession of the facts as we see them, and the plans and intentions of the government for dealing with them.

(2) We should report, I think, to Parliament on North Atlantic developments; especially the plans to increase speedily and greatly the strength of the alliance. We will certainly be asked to join the United States in assisting the European members — by supplies and equipment — to bring about that increase. This will involve extra expenditures by us. Equipment for a Netherlands division from our reserve stocks is one way we could help. So far, we have not, I think, considered this project — or any other like it — in Defence Committee or in Cabinet.

(3) Then there is the question of further assistance to United Nations forces in Korea. Even if the decision were to do nothing more, I think the reasons for that decision should be explained to Parliament.

I feel strongly, however, that this would be the wrong decision, and personally I would have great difficulty in reconciling it with my views on the menace which faces us, on the expression of that menace in Korea, and the necessity of defeating it there by United Nations action.

At the same time, I appreciate the difficulties and, indeed, the objections to an offer of land forces to the United Nations for Korea which could not be justified by the actual situation; strategic and political; domestic and international.

The attached memorandum shows how land forces from Canada could be made available if a decision to that end were taken in principle.

I feel that alternative three is the best method. If something along these lines is agreed on, I would suggest that it be announced in terms which would make clear that our new brigade is solely for the defence of Canada and of peace; that Korea is merely one sector of the struggle against Communist aggression and that Parlia-

ment, in special session, would be expected to consider, not merely Korea, but the whole defence picture and the struggle for peace.

A draft announcement is attached.

L.B. P[EARSON]

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note

Memorandum

TOP SECRET Ottawa, August 1, 1950

LAND FORCES FOR KOREA

There are various ways in which, singly or in combination, Canadian land forces could be made available for service to the United Nations in Korea. They include the following:

1. A Canadian Battalion such as the Princess Pats could be put under the unified command immediately. Presumably it would then serve in Korea as a unit in a larger, possibly a United States formation.

2. A regimental combat team could be collected from the permanent force and be made available to the unified command.

3. A mixed Brigade of volunteers could be recruited here, trained here as part of Canada's new defence programme, and then be associated with other forces made available to the United Nations by countries other than the United States. These forces might constitute an international Division for service in Korea under the unified command.

If *most* of the contingents made available for such a Division were from the Commonwealth, then British type equipment could be used; otherwise, American. This Brigade would, in effect, be the kind of help we would presumably have organized if we had been able to make a military agreement with the Security Council under Article 43. This would be emphasized in any announcement to be made and in the recruiting that would begin. In effect it would mean that the Canadian army would include a Brigade especially trained for Arctic operations, as an airborne formation and one specially trained for U.N. operations, as a contingent with other U.N. formations.

This idea has, I think, very much in its favour. It underlines the fact that from now on we fight only as a result of U.N. decisions, and with other U.N. members as a Police Force to make such decisions effective and to restore peace. If Canada emphasized this principle in announcing its decision, we might be initiating something new in the way of backing up the United Nations which could have important consequences. At the same time we would be basing one part of our small army on the Charter of the U.N.

4. Canada could recruit volunteers for a special United Nations Force or Legion. These recruits could either be given initial training in Canada and sent forward to a U.N. base as a formation, or they could be recruited merely as individuals who

would be forwarded at once to the United Nations base. In either case they would serve as a Canadian component of the United Nations Legion, be grouped and identified as such, and we would be responsible for their finance and maintenance.

5. Canada could recruit or permit the United Nations to recruit volunteers for a United Nations Legion which would be equipped and financed by the United Nations itself. In this case we would bear only our share of the cost as a member of the world organization irrespective of the number of Canadians in the Legion. We might also be asked to supply Instructors for this Legion, and to allow it to be trained in Canada. There are many practical difficulties about (4) and (5), such as jurisdiction, financing, pensions, allowances for dependents, etc. There are also, however, some important political advantages in setting up a special non-national force to fulfil U.N. responsibilities.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Projet d'annonce

Draft Announcement

TOP SECRET Ottawa, August 3, 1950

The Government has decided that Parliament should be summoned to meet in special session to consider the international situation in the light of the recent Communist aggression in Korea. It is expected that this session will be called early in the autumn, though if developments in the international situation make an earlier meeting necessary, Parliament will at once be summoned.

This special session will have before it government plans for putting Canada in a stronger position to meet, in company with the other free nations and through the United Nations and the North Atlantic Treaty Organization, the threat to peace which faces the free world. This threat has been made greater and clearer by what has happened in Korea, and will require a far greater effort on the part of this country than has ever been necessary before in time of peace.

Parliament will be asked to approve an increase in Canada's active forces. Recruitment for an additional Army Brigade will begin immediately. All additions to the Canadian armed forces in being will assist in the direct defence of the North American continent. This Brigade, however, will be specially trained and equipped so that it will be available for use in carrying out Canada's obligations under the United Nations Charter or the North Atlantic Pact. Naturally, such a Brigade would be available to the United Nations for service in Korea as part of United Nations forces, if it could be most effectively used in that way. Details regarding its possible use in a United Nations force are being discussed with the Unified Command established as a result of the action taken by the Security Council of the United Nations to resist aggression in Korea. Though action is being taken to form this Brigade immediately, it will not be moved outside Canada for combat purposes until Parliament, at the session which will be summoned, has approved.

The Government has also been discussing with other Governments and the United Nations Secretariat, the possibility of the establishment of a specially

recruited United Nations formation for service in Korea or elsewhere under the authority of the United Nations. This formation would consist of individuals recruited from the various member states for the above purpose. A proposal of this kind, however, will take time to implement, as it is unprecedented. If the United Nations should decide to take this action, the Canadian Government will assist in recruiting Canadian nationals for this purpose.

64. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies[35]

Secretary of State for External Affairs
to Permanent Representative to United Nations[35]

TELEGRAM 413 Ottawa, August 11, 1950

IMMEDIATE

1. Please deliver the message given below as soon as possible to the Secretary-General. We assume that the United Nations' Secretariat will take steps to release this message immediately after delivery. Please notify us at once so that simultaneous release can be made in Ottawa.

2. For your own information the United States defence authorities were asked, through Canadian service channels, about July 25, whether they would welcome a Canadian offer to provide the additional airlift assistance mentioned below. They replied in the affirmative August 4th. Since that time the necessary arrangements have been made with C.P.A.L. and it is understood that the United States forces will begin using the company's planes immediately.

3. Following is the text of the message. Begins:

"I have the honour to refer to my message No. 29 of July 21, 1950[36] concerning additional Canadian assistance to the forces operating in Korea under the authority of the Security Council's Resolution of June 27. In that message I informed you that the Canadian Government had decided to make available to the United Nations a long-range air transport squadron, including ground crews, of the Royal Canadian Air Force, for assistance in the Pacific airlift.

I am instructed to inform you that the Canadian Government has now decided, with the co-operation of Canadian Pacific Airlines, to make available, at once, to the United Nations, the complete passenger facilities of the regular Canadian commercial air service between Vancouver and Tokyo, operated by Canadian Pacific

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[35] L'appellation délégué permanent a été remplacée par celle de représentant permanent au début du mois d'août 1950 avec l'arrivée de R.G. Riddell aux Nations Unies. L'adresse télégraphique est demeurée « Permdel ».
The change in designation from Permanent Delegate to Permanent Representative took place in early August 1950 with the arrival of R.G. Riddell at the United Nations. The telegraphic address remained "Permdel".

[36] Voir *Le Canada et la crise coréenne*, pp. 33-34./See *Canada and the Korean Crisis*, p. 30.

Airlines, on two flights a week west-bound and the equivalent of one flight a week east-bound.

The detailed arrangements for the participation of these aircraft will be made with the unified command established under the authority of the Security Council." Message ends.

65. L.S.L./Vol. 234

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

SECRET Ottawa, August 14, 1950

Mr. Woodward, the United States Ambassador, called to see me this morning about the matter which he discussed with you at St. Patrick yesterday. He began by telling me how very deeply he appreciated your kindness in receiving him and how sorry he was to have had to bother you. Apparently his instructions were pretty rigid on the subject. I told him that I assumed that these instructions were not aimed at Canada alone, but that all United States representatives in countries which had accepted the United Nations Security Council resolution on Korea were asked to make similar approaches. He indicated that my assumption in this matter was correct, and that there was no intention to single out Canada.

Mr. Woodward then gave me a short outline of his conversation with you, and left with me a copy of the aide mémoire,† which I believe he gave you.

I told him that we were just as preoccupied as he was with the efforts of the U.S.S.R. to make the conflict in Korea appear one between the United States and the Korean people, and to play down its United Nations character. For that reason, I realized, of course, that it would be desirable to have other than United States ground forces participating in the campaign as soon as possible. I explained to him however, that small countries like Canada do not have expeditionary forces in being for purposes of this kind and that to send our permanent force, or a part of it, to Korea for immediate action would, in our opinion, be unwise. I went into the point in some detail, repeating arguments with which you are already familiar. I said, however, I was sure there was no disposition to delay the training of our special United Nations brigade and that I felt sure that everything would be done that could possibly be done to make it available as soon as possible for United Nations action. Meanwhile, should the United States not play up to the greatest possible extent action in Korea other than American, e.g., the operations of the South Korean army? He agreed with this. I then mentioned that the three Canadian destroyers might soon be in action. I understood they had been doing convoy work, which was not very spectacular, but that they would shortly be bombarding coastal communications, etc. This would be an opportunity for the United States public relations people to emphasize Canadian cooperation in the active side of the war.

Mr. Woodward agreed with this and once again said they really did appreciate in Washington what we had done.

I then went on to tell him that there were other ways than military of emphasizing the United Nations character of the Korean operation. Mr. Woodward himself had mentioned the use which Malik was making of the Security Council, and I suggested that our tactics there had not been very successful. In this connection, I told him that I had sent a personal and secret message to Jack Hickerson on Thursday and had received a reply the next day,† which showed that they were not only worried about what had been going on in the Security Council, but were taking steps to correct the situation. But it was not only at the Security Council that the Russians had had successes in propaganda. General MacArthur had done a good deal to help them, I thought, in his visit to Formosa. One of the great dangers of the present situation was the linking of United Nations policy in Korea and United States policy re Communist China. The Russians were doing their very best to establish such a link, and they had been given a good deal of unnecessary help, I thought, in this regard. Woodward said that both the President and Mr. Acheson were as worried about this matter as I was.

In my talk with Woodward I was anxious to let him know that the United Nations character of the Korean question could be helped, not merely by having United Nations forces in the field, but by adopting correct United Nations policies and tactics at Lake Success, and correct United States policies re the Far East generally. I added that I was sending a personal letter to Mr. Acheson on this matter, which I hoped would be ready tomorrow.[37] I explained that I was doing this in a personal way, because of our old friendship and because we could both exchange views much more frankly this way than by an official note.

L.B. P[EARSON]

66. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], August 15, 1950

. . .

KOREA; REQUEST FOR GROUND FORCES; RECRUITMENT OF SPECIAL FORCE

1. *The Prime Minister* reported that the U.S. Ambassador had come to St. Patrick's to deliver to him personally a message from the U.S. Government. This message stated that the U.S.S.R. was pursuing a campaign to obscure the United Nations character of the action in Korea and to make it appear that the action was that of the United States alone. To put the matter in its true light, decisive and immediate action was needed from other countries to send ground forces as quickly as possible so that the U.N. character of the operation would be clearly

[37] Voir le document 279./See Document 279.

established. It was indicated that early action by the Canadian Government along this line would be much appreciated.

(Aide Mémoire, U.S. Ambassador to the Prime Minister, August 12th, 1950).†

2. *Mr. St-Laurent* had informed Mr. Woodward that the whole question of Canadian action in relation to the Korean Incident had been carefully considered by the Cabinet and that the result of this examination was embodied in his broadcast of August 7th. The response to the appeal for enlistment in the Canadian Army Special Force had been satisfactory and, with the high proportion of veterans entering, it was possible that training might be expedited. After the special session of Parliament, it might be feasible to place the force under unified command even before completion of training. Mr. Woodward had been informed that the message from the U.S. Government would be placed before the Cabinet and the matter given further study but that no firm action could be expected before Parliament met.

3. *The Secretary of State for External Affairs* said that the Ambassador had subsequently called on him, and that he had taken the opportunity to point out that the character of the action in Korea was being blurred, not only by the Soviet representations, but also by statements and actions in the United States. There was a tendency there to make the action appear as a general Far-Eastern campaign against communism.

4. *The Minister of National Defence* said that the response to the appeal for enlistment both in the Special and Active Forces continued to be good. As of August 14th, 669 men had been taken on for the Active Force and 3027 for the Special Force; in addition, a further 669 were in the process of examination and applications were continuing at a rate of some 500 a day. 46.6 per cent of applicants were veterans and thus far there had been less than 10 per cent rejection for physical reasons. It appeared that the entire Special Force would be recruited, together with some re-inforcements, and in training at camps by the end of the week. Owing to the high quality of the recruits and the large proportion of veterans, it seemed probable that, with good weather, the individual training of the men might be completed by November 15th. At that time, it might be desirable to have the brigade sent out of Canada, either to camps in the United States or to Japan, for completion of their training. The force should be ready for action about two months after November 15th.

The original establishment for the Special Force involved a total of 4,468 men. It was now suggested that certain special elements from the Second Armoured Regiment, a field squadron of Engineers, a Medical Unit, etc., which would bring the total up to 5,219. Consideration had also to be given to the matter of re-inforcements and to the local quotas for enlistment. As applicants were still coming forward, it was recommended that no local quotas be applied and that men continue to be taken on strength. It would be desirable to recruit sufficient re-inforcements for at least six months.

5. *The Cabinet*, after considerable discussion, noted

(a) the report of the Prime Minister concerning the message from the U.S. Government with regard to the immediate contribution of ground troops in Korea; and,

(b) the report of the Minister of National Defence concerning recruitment of the Canadian Army Special Force and the proposed addition of special elements from the Active Force and agreed that applications for enlistment continue to be received, notwithstanding the completion of local quotas, so long as volunteers continued to come forward.

. . .

67. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], August 18, 1950

. . .

NATIONAL DEFENCE; ACCELERATED PROGRAMME; CANADIAN ARMY SPECIAL FORCE

13. *The Chief of the Naval Staff* outlined recommendations for increase in strength of the Royal Canadian Navy under the accelerated defence programme. It called for an increase in complement from 9,600 to 13,440 officers and men over the period to 1953. During that time, it was proposed to put ten ships into commission, mostly for anti-submarine operations. North Atlantic Treaty Organization plans indicated a shortage of 260 anti-submarine escorts and the accelerated naval programme would be a definite contribution toward meeting this deficiency. Commissioning of the Cruiser *Uganda* was placed last in priority among the vessels concerned. An outline was given of the command arrangements proposed by the North Atlantic Ocean Region Group of the Organization.

14. *The Chief of the General Staff* reported on planned increases over the present strength of the army to be partially completed by July 1st, 1951. These contemplated bringing the Air-borne Brigade to war strength, provision of a brigade for U.N. operations and additional anti-aircraft artillery. Authorized strength would be increased from 22,000 to 30,800 officers and men.

The Canadian Army Special Force was virtually recruited to strength less reinforcements. It seemed desirable to take on now the number of reinforcements which might be expected to be required for a 12-month period. This would mean recruitment to a strength of 9,979 officers and men. It was expected that the Force would have completed individual training by about November 1st. If it remained in Canada during the winter, training would be slowed down and new barrack accommodation would be required. Winter training could be carried on in the southern or western United States, if accommodation were available or, alternatively, it was probable that accommodation could be secured in Japan. This would enable both winter training and acclimatization of the troops. It might be desirable to make preliminary enquiries of U.S. authorities, on a confidential basis, to see what might be possible. Owing to the fact that previous training of the men in the Force would be on British type equipment, it would slow training down considerably if the

Force were to be shifted to American type equipment. It was accordingly recommended that they remain on British equipment and that enquiries be made to ascertain whether the Force could rely on the U.K. supply line from Hong Kong.

It would be desirable to have a senior liaison officer appointed at an early date to headquarters of the U.N. Commander in Japan. It would also be desirable to have the necessary legislative action taken to enable the Special Force to be placed on active service. This would involve a provision that forces could be regarded as on active service when they were used to implement an undertaking by Canada under her international obligations.

In connection with the general army programme, there was need to speed up tooling for the production of vehicles. These would be identical with those produced in the United States. It would involve no expenditure during the current fiscal year but commitment authority to the amount of approximately $15 million.

15. *The Minister of National Defence* said that the question of equipment for the Special Force raised the question of integration with either U.K. or U.S. forces in Korea. There would be obvious operational advantages in having the Force associated with other forces using British type equipment. An enquiry on this subject had been made by the Acting High Commissioner for the United Kingdom.[38]

16. *The Prime Minister* said that it seemed clearly desirable to have troops using the same type of equipment associated with one another in the interest of efficiency. At the same time, the formal establishment of any Commonwealth division might suggest that it was the Commonwealth which had obligations to the United Nations and to which the United Nations looked at a time such as the present rather than to the individual country members. It was undesirable that any such precedent be established, and it should be made clear that the association of Commonwealth forces using British type equipment would be for reasons of operational efficiency only.

17. *The Chief of the Air Staff* described plans for acceleration of the R.C.A.F. programme. These provided for an increase from 2 to 9 squadrons by April, 1953 and additions to the radar system. Approximately 27,000 service personnel would be required to carry out the programme.

It seemed probable that a request would be forthcoming shortly for the provision of facilities for training R.A.F. air crews[39] and a request had been received from the United States for permission to move a group of medium bombers and 2 squadrons of tankers to Goose Bay.[40] It was not clear exactly what purpose the units were to serve.

18. *Mr. Claxton* believed that it might be desirable, in reply to any request from the United Kingdom for training facilities, to say that Canada would be able to provide facilities for 150 air crew per year after January 1st, 1951, on the understanding that arrangements in subsequent years would be subject to N.A.T.O. overall plans. The grant of training facilities should be a part of mutual aid. In

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[38] Voir le document 68./See Document 68.
[39] Voir le document 537./See Document 537.
[40] Voir le document 830./See Document 830.

connection with the U.S. request, it might be desirable to get further information, although there should be no hesitation about granting any reasonable request.

Explanatory memoranda were circulated.

(Minister's memoranda to Cabinet Defence Committee, R.C.N. programme, Aug. 17; R.C.A.F. programme, Aug. 17; and National Defence memorandum, Army plans, undated)†

19. *The Cabinet*, after considerable discussion:

(a) noted with approval the reports concerning plans for acceleration of the programmes of the three armed forces;

(b) agreed that authority be granted for arrangements to be undertaken to speed up tooling for the production of army vehicles; commitment authority up to $15 million to be granted accordingly;

(c) noted the report of the Chief of the General Staff concerning the Special Force and agreed that recruiting be continued up to a total of 9,979 officers and men and that confidential enquiries be initiated to ascertain what arrangements might be made for the transfer on completion of individual training to bases in Japan or the United States for further training; such enquiries to be on the understanding that any transfer would be subject to the authorization by Parliament of the use of the Force in Korea;

(d) agreed that the Special Force be equipped with British type equipment and, if possible, rely on the U.K. supply line from Hong Kong for replacements;

(e) agreed that the Under-Secretary of State for External Affairs be authorized to inform the Acting High Commissioner for the United Kingdom that, for reasons of operational efficiency, the Government felt it might be desirable for troops using the same type of equipment to be associated with one another but that it was not considered desirable that any force should be formed or designated as a Commonwealth Division;

(f) agreed that the Minister of National Defence inform the U.K. service authorities that the Canadian Government would be prepared to make available training facilities for 150 air crew in the year beginning January 1st, 1951, and for the extension of such facilities in subsequent years subject to arrangements under the North Atlantic Treaty Organization; such facilities to be extended as a part of the assistance to be afforded by Canada under the special appropriation of $300 million; and,

(g) agreed that the Department of National Defence secure further information concerning the request by the United States for permission to transfer medium bombers and tankers to Goose Bay.

3e PARTIE/PART 3

PARTICIPATION DE LA FORCE SPÉCIALE DE L'ARMÉE CANADIENNE EN CORÉE
PARTICIPATION OF CANADIAN ARMY SPECIAL FORCE IN KOREA

68. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1209 Ottawa, August 24, 1950

CONFIDENTIAL

Following from Heeney, Begins: As you know, proposals for the constitution of a "Commonwealth Division" to fight in Korea have been made in a number of quarters and the idea has been bandied about in the press a good deal. We are worried lest the attitude of the Canadian Government toward such a project should be misunderstood. There is already some evidence that it has been, and even some that our views have been distorted.

2. For this reason we would like you to take an early opportunity of explaining to appropriate U.K. Ministers and officials precisely how the Government have regarded this question and the reasons upon which the Canadian attitude is based.

3. Briefly, the Government position is as follows:

(a) it is clearly of great political importance that operations in Korea should have the aspect of *United Nations* operations to the maximum possible extent. It is in discharge of obligations under the Charter that our troops will be serving and not in any sense as members of the Commonwealth;

(b) we are not in favour of the constitution of a Commonwealth Division, as such, but we are in favour of troops from the various Commonwealth nations serving in the same divisional formations, and this for obvious reasons of efficiency and convenience. In fact, Canadian military representatives are now discussing means of accomplishing this end with the Unified Command and with the U.K. Military Authorities;

(c) we recognize that the main elements in ground forces using U.K. type equipment will be from the United Kingdom, Australia, Canada and New Zealand. We would hope, however, that elements from other United Nations similarly equipped and trained (even though they may be very small) could be incorporated in the division in which our troops serve; this solely for the reasons stated in sub-paragraph (a) above; and

(d) Canadians will be happy to serve alongside their comrades from the United Kingdom and other Commonwealth nations as they have been accustomed to do in the past, and the Canadian Government have decided that they should do so. But

we think that this can be accomplished without sacrificing the political advantage to which we know the U.K. and U.S. Governments as well as we ourselves attach great importance, namely, that to be derived from maximum emphasis on the United Nations character of resistance to aggression in Korea.

4. We realize that when, in fact, forces from the various Commonwealth Nations are brought together it may prove impossible to prevent the press and the public from referring to the division in which they serve as a "Commonwealth Division". Nevertheless, for the reasons stated, we believe that nothing should be done to give official standing or currency to such terminology. We trust therefore that the term will not be used officially or even unofficially by the participants. Perhaps the acceptance at an early stage of some such name as "The United Nations First Division" would help. We would be glad to have U.K. authorities' views on this. Ends.

69. DEA/50069-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1723 London, September 7, 1950

CONFIDENTIAL

Reference my telegram No. 1634 of August 28th† re participation of Canadian forces in Korea.

1. We have not yet received comments of Commonwealth Relations Office on suggestions put forward in your telegram No. 1209 of August 24th on this subject. Yesterday, however, Garner mentioned informally to a member of my staff that while the matter was still under consideration here and a reply would be forthcoming, he was very doubtful whether it would be possible for the United Kingdom Government to accept your suggestion that the Division in which Canadian and other Commonwealth forces will be participating should be referred to as "The United Nations First Division". While he made it clear that the United Kingdom Government has not approached the Australian and New Zealand Governments on the basis of your suggestions, he thought there was little doubt that the arguments against the designation of a Commonwealth Division would be unpalatable in Canberra and Wellington. He also added that there were reservations in certain quarters here, although he agreed that it was important that the United Nations aspect of the operations should be stressed. It was possible, he thought that the United Kingdom authorities might propose a compromise on the lines that the designation might be something like "Commonwealth Division — United Nations Forces".

2. I should emphasize, however, that this should not be taken as a formal United Kingdom reply to your proposal, but rather as an intimation of what might be expected.

70. DEA/50050-40

Le secrétaire d'État aux Affaires extérieures
au délégué près le Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Delegate to North Atlantic Council

TELEGRAM 13 Ottawa, September 17, 1950

SECRET. IMPORTANT.

Following for Heeney from Reid, Begins: National Defence proposes to send within the next two weeks a military liaison mission to Tokyo. The mission would consist of ten members, with Brigadier Fleury in charge, assisted by four colonels, one major, one cypher man, and NCO's. The original proposal to us contemplated a military mission quite separate from the Canadian Liaison Mission now there, but National Defence officials have now agreed that the head of the military mission should have the dual capacity of military adviser to our head of mission and as liaison officer to GHQ United Nations Command.

2. The immediate purpose of the mission would be to make advance arrangements for the reception of Canadian troops for final training, but the head of mission would have in addition liaison and intelligence functions. Since Canadian troops will be ready for movement from Canada about November 20, National Defence feels that the early departure of a mission is imperative, even though no formal commitment of Canadian forces to Korea has yet been made.

3. It is understood that General Collins[41] wrote General Foulkes, suggesting that a military liaison mission would be desirable. We have also received a letter this week from [Herbert] Norman, urging the despatch of a liaison officer and indicating that an official from MacArthur's headquarters has hinted that such an officer would be welcome.

4. A redraft of the proposed terms of reference for the mission was done in the department, and discussed this morning in a meeting between Mr. Drury, General Graham,[42] and Brigadier Fleury from National Defence, and Ritchie, MacKay, and Menzies from External. At the meeting a very general formula, providing that Brigadier Fleury would be military adviser to Norman and liaison officer with headquarters United Nations Command was worked out. It was further agreed that more complete instructions would be drafted for the meeting of the Chiefs of Staff on Tuesday next. These terms of reference will probably follow closely the redraft of the terms of reference worked out in this Department.

5. At a social gathering on Thursday evening, Mr. Ritchie raised the whole question with Mr. Claxton. He gathered that Mr. Claxton had not seen the original terms of reference submitted to us by National Defence and that he did not favour a mili-

[41] Le général Joseph Lawton Collins, chef de l'état-major de l'armée américaine.
General Joseph Lawton Collins, U.S. Army Chief of Staff.

[42] Le major général H.D. Graham, vice-chef de l'état-major.
Major-General H.D. Graham, Vice-Chief of the General Staff.

tary mission separate and distinct from our present mission. It is understood also that since no formal commitment of troops to Korea has yet been made, Mr. Claxton does not wish to give the impression that Fleury's group is an advance party. It is understood, on the other hand, that he feels that for administrative purposes it is essential that the group go forward to make preliminary advance arrangements.

6. Some difficulties may arise over the question of logistic support. As you know, for purposes of supplies, transportation, and other administrative arrangements the Canadian Mission in Japan comes under BCOF. The Canadian forces are likely to be associated with other Commonwealth forces, if for no other reason than that they are using for the most part British-type equipment. Since overtures have been made by U.S. military authorities for a liaison mission and since Canadian troops are likely to be sent to Okinawa rather than Japan proper, it is hoped that the Canadian military mission and Canadian forces when despatched can be kept separate from BCOF, the jurisdiction of which does not appear to extend to Okinawa. In this event, the Canadian military mission would likely come under U.S. forces for administrative purposes.

7. You might wish to have a word with the Minister on the whole matter. Questions on which we should like guidance are:

(a) whether there is any objection to a military mission going forward as proposed within the next two weeks;

(b) whether, if it can be arranged, the Canadian mission should come directly under U.S. jurisdiction rather than indirectly through BCOF;

(c) status of the mission, that is whether independent or with dual capacity of adviser to our Head of Mission and liaison with GHQ United Nations Command;

(d) title for the mission — Mr. Drury appears to favour "Canadian Military Mission"; whereas we have urged "Canadian Military Liaison Mission", which seems to us to provide less opportunities for misunderstanding.

7. See my immediately following telegram for text of formula tentatively agreed to and our redraft of terms of reference. Ends.

71. DEA/50050-40

Le secrétaire d'État aux Affaires extérieures
au délégué près le Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Delegate to North Atlantic Council

TELEGRAM 14 Ottawa, September 17, 1950

SECRET. IMPORTANT.

Following for Heeney from Reid, Begins: See my immediately preceding telegram.

2. Following is text of formula for appointment of Canadian military liaison officer tentatively agreed to by officials of National Defence and External. Text begins:

You have been appointed Canadian Military Liaison Officer with the Commander-in-Chief United Nations Forces in the Korean area and Senior Military Adviser to the Head of the Canadian Liaison Mission in Japan.

In your capacity as Canadian Military Liaison Officer you will report to the Chiefs of Staff Committee on military matters, at the same time keeping the Head of the Canadian Liaison Mission informed on major developments. Text ends.

3. It is thought that the above statement might serve as a basis for a press release.

4. Following is text of terms of reference for Canadian Military Liaison Mission to Japan as revised by External. Text begins:

Terms of Reference for Brigadier F.J. Fleury, M.B.E., E.D., who will be the Canadian Military Adviser to the Head of the Canadian Liaison Mission in Japan and the Military Liaison Officer to the Headquarters of the Commander of the United Nations Forces in the Korean area, and who will command "the Canadian Military Liaison Mission", Far East.

(1) You have been appointed Military Adviser to the Head of the Canadian Liaison Mission in Japan (who is the senior Canadian Government representative in the Japan-Korea area) and Canadian Military Liaison Officer to the Headquarters of the Commander of the United Nations Forces in the Korean area. Your duties will be:

(a) to make preliminary preparations for the arrival in the theatre of any Canadian forces;

(b) to report periodically to the Chiefs of Staff on the battle situation and related military matters on the basis of information available in GHQ United Nations Forces;

(c) to keep the Chiefs of Staff informed of United Nations military plans, including expected reinforcements and expected dates of their deployment in the theatre;

(d) to report on tactics and technical equipment used by the enemy or the United Nations forces;

(e) to provide a channel of communication on Canadian military matters between the C-in-C United Nations Forces in Korea, and the Chiefs of Staff, Ottawa;

(f) to advise the Head of the Canadian Liaison Mission in Japan on military matters generally and to keep him informed of the main developments.

(2) It is intended that the Commander 25th Canadian Infantry Brigade Group will be the Senior Canadian Army Officer in the theatre of operations. At no time will you be required to take command of 25th Canadian Infantry Brigade Group in the absence for any reason of the Commander. Text ends.

5. It is expected that the above draft terms of reference will serve as a basis for instructions to be considered at Chiefs of Staff meeting Tuesday, September 19. Ends.

72. DEA/50050-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 2 New York, September 19, 1950

SECRET

Following for Reid from Heeney, Begins: Military Liaison Mission for Japan.

Your numbers 13 and 14 of September 17th and number 16 of September 18th.† Both the Minister and I spoke to Mr. Claxton on this subject by telephone last Saturday night, and I have since discussed it with Foulkes.

2. While we have not considered in detail the provisions of the draft instructions and terms of reference, we are satisfied to have the Mission appointed in the way proposed. You may therefore agree at the Chiefs of Staff Committee, subject to any revisions in detail which you and MacKay may think advisable.

3. As I said to you on the telephone, it seems to me that the Mission is rather large, at least to begin with. I hope the Chiefs will keep it to the minimum necessary, particularly since it must be assumed that the special force may not in fact be employed eventually in the Korean campaign. Ends.

73. PCO

Note du ministre de la Défense nationale pour le Cabinet

Memorandum from Minister of National Defence to Cabinet

SECRET [Ottawa], September 22, 1950

ARRANGEMENTS FOR THE MAINTENANCE OF CASF

1. Arrangements, as detailed hereunder, for the maintenance of the Canadian Army Special Force during its training and subsequent operations in the Far East have been agreed in Staff conversations between Canadian Army and US Army and are proposed for approval.

2. Subsequent to the report by Minister of National Defence to Cabinet, 15 August 1950, Staff conversations were instituted with US Army in Washington to determine how best the CASF could be provided with certain equipments deficient in Canadian stocks and the extent to which US Army could maintain the CASF from their existing logistic establishments in the Far East.

3. Resulting from these conversations, Staff agreement has been reached to the effect that the US Army will:

(a) Provide and maintain all vehicles except those types of which there are sufficient Canadian stocks and sufficient spare parts for field maintenance.

(b) Provide and maintain wireless equipment, anti-tank rocket launchers, and rockets. Other items, such as field cookers and 60 and 81 mm mortars are expected to become additional items.

(c) Maintain the CASF within continental USA and in far East in food, gasoline, lubricants, and common user supplies.

(d) Move the CASF from American ports, except that Canada will be required to supply sufficient ocean going vessels for the initial cargo list (probably six vessels) and for continuing maintenance thereafter (probably two vessels); vessels to be operated through US movement authorities.

4. US Army will provide a staging camp near Seattle at which units will concentrate and from which they will be embarked for movement to Okinawa for further training there.

5. Invoices for equipment and services supplies to the CASF while in North America will be rendered to the Canadian government by US Army on an actual basis. It is anticipated that, subject to the concurrence of the Theatre Commander, invoices for material and services rendered to the CASF by US Forces in the far East will be on a per capita basis. Costs have not yet been determined.

6. The foregoing, including the financial policies, are recommended to Cabinet for approval.

7. It is further recommended that these arrangements should be ratified through an exchange of notes between Canada and the United States.[43]

74. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Delegation to United Nations General Assembly

TELEGRAM 11 Ottawa, September 22, 1950

SECRET. IMMEDIATE.

Repeat Washington EX-1698.

COMMITMENT OF CANADIAN FORCES TO KOREA

1. As you know, no formal offer of Canadian forces for Korea has yet been made to the United Nations nor has the Government yet taken a formal decision on the matter, the Order in Council† on the subject being merely permissive.

2. Mr. Heeney requested by telephone on September 21 that a note to the Secretary-General be drafted and sent to the Minister for discussion with his Colleagues

[43] Voir Canada, *Recueil des traités*, 1950, N°. 15./See Canada, *Treaty Series*, 1950, No. 15.

during his visit to Quebec. Below is the text telephoned to the office in the Biltmore by Mr. MacKay on the evening of September 21.

3. Both Mr. Heeney and Mr. Drury were of the opinion that the Government would wish to leave the door open for withdrawal of forces from the Far East if when their training was complete there appeared to be no need for them for combat service. On the other hand, the military authorities stressed that it would be necessary to make a definite commitment of the force in order to facilitate arrangements with the U.S. military authorities for final training. The draft below, which was jointly prepared by officials of National Defence and this Department, endeavours to steer between these two views. It will be observed (1) that it reserves to the Canadian Government the right to decide when the force is sufficiently trained for battle service; (2) that it proffers the force for *combat* service only; and (3) that arrangements for subsequent service in Korea after training will be made with the Unified Command.

4. If you have any comments please send them today, since the draft will probably be discussed by the Ministers over the weekend.

5. Text begins:

I have the honour to refer to my Note of August 14, 1950,† transmitting a copy of the Canadian Prime Minister's statement of August 7, 1950, concerning the recruitment of the Canadian Army's Special Force which would be specially trained and equipped to be available for use in carrying out Canada's obligations under the United Nations Charter or the North Atlantic Treaty. The Prime Minister also indicated that, subject to the approval of the Parliament of Canada, this Special Force would be available for service in Korea as part of the United Nations Forces, if it could be most effectively used in this way when it was ready for service.

I am instructed to inform you that this Special Force has now been recruited and is undergoing training and that Parliament has authorized its use for service with the United Nations Forces in Korea.

The Special Force consists of a brigade group, including three infantry battalions, one field regiment of artillery, one squadron of self-propelled anti-tank guns, together with engineer, signal, medical, ordnance and other services, with appropriate reinforcements.

It is proposed that upon reaching a state of training satisfactory to the Canadian Government this Force will be made available for combat service with the United Nations Forces in Korea as required. If this proposal is acceptable, arrangements for advanced and final training of the Force and for its subsequent service in Korea will be made with the Unified Command. Text ends.

75. DEA/50069-A-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 691 New York, September 22, 1950

CONFIDENTIAL. IMMEDIATE.

My only comments on the proposed draft note to the Secretary-General offering the Canadian Army special force for combat service in Korea would be that the last paragraph might be improved by omitting the two qualifying phrases "it is proposed that" and "if this proposal is acceptable". A final paragraph might be added if it is desired to indicate that this communication is an offer to which we wish a reply. The final paragraph might simply say: "These proposed arrangements have already been discussed informally with the Unified Command, and I should be grateful if you would confirm the fact that they are acceptable."

2. I think some form of words such as this would not only make a better public impression when the text of the communication is released but would also meet what I take it is the Pentagon's requirement for a formal Canadian offer to be made and accepted before any United States commitment can be undertaken with regard to the supply of United States equipment for the special force.

3. As regards the timing of this communication, I think we should try to get it to the Secretary-General by Monday morning, September 25th, at latest, as it might be useful for the Minister to be able to refer to it in the statement he will probably make on Monday afternoon or Tuesday in the General Assembly. Therefore, if the statement needs Ministerial approval, perhaps it would be possible to have it considered at the meeting of Ministers in Quebec over the weekend.

76. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2263 Washington, September 22, 1950

SECRET. IMMEDIATE.

Repeat Candel No. 1.

COMMITMENT OF CANADIAN FORCES TO KOREA

1. As to the wording of the draft note to the Secretary-General, the following two points might be considered:

(a) In the paragraph listing the components of a Brigade Group it would be useful for Public Relations purposes to include the figure of the total first-line strength. Few except military experts have even an approximate idea of what this figure [is] especially in this country where regimental combat teams are the equivalent military formation.

(b) Is it necessary to say in the last sentence more than: "If this proposal is acceptable, the further necessary arrangements for training and service will be made with the Unified Command"? Unless this is done, would it not be logical to expand the reference to subsequent service to something like "possible subsequent combat service"?

2. I realize that we shall be presented with real difficulties if the fighting ends after the force has moved to the Far East but before it is ready for combat duty. Should it then be in an advanced area, such as Okinawa, we would almost certainly encounter pressure, no matter what we say in the formal offer, for it to move to Korea for garrison duty, on the ground that at that stage in the Korean affair it will be quite as important as it is now to have the responsibility shared by stationing troops in the country of members of the United Nations other than the United States. I doubt that a specific offer for combat service only would in fact reduce such pressure, although it might make it easier to strike a bargain which would limit the number of Canadian troops involved, or the time of their service in Korea, or both.

3. I notice from paragraph 6 of Mr. Pearson's report of his discussion with Jessup yesterday (addressed to you as Candel 14 of September 22nd)† that he mentioned equipment difficulties. No such difficulties have been reported to me by the Joint Staff or the Canadian Commercial Corporation here. It would be useful if we could be informed of what their nature is. I should also be glad to know the approximate date at which it is expected that the Special Force will be in a position to move abroad for advanced training.

77. DEA/50069-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 18 New York, September 23, 1950

CONFIDENTIAL. IMMEDIATE.

Repeat Washington No. 5.
Your message No. 11 and our Permdel message No. 691 of September 22nd regarding draft note to the Secretary-General offering Canadian Army Special Force for combat service in Korea.

1. Upon further consideration, and bearing in mind the points raised by Mr. Wrong in his message WA-2263 of September 22nd, I wonder whether we should

not make our intentions more explicit, in order to avoid possible disagreeable misunderstandings at a later date. This purpose might be accomplished by my telling the Secretary-General, when presenting the note, what the Canadian Government has in mind in the use of the words "for combat service". Parallel action might also be taken in Washington to tell the State Department informally that, at this stage, we wish to avoid committing ourselves to making the Special Force available for occupation duties in Korea.

2. However, I am inclined to think that we would be better advised to make a more definite statement in the note itself. The first sentence of the last paragraph of your draft might be re-worded as follows:

"Upon reaching a state of training satisfactory to the Canadian Government, this force will be made available for service with the United Nations forces in Korea as required; it should, however, be understood that the present intention of the Canadian Government is that this force should be available for combat service only."

78.

B.C./Vol. 123

Note du ministre de la Défense nationale

Memorandum by Minister of National Defence

[Québec], September 24, 1950

At the Prime Minister's request, a meeting was held in Mr. Garson's room at the Chateau which began at 2.30 and went on until after 6.00. In addition to the Prime Minister and Mr. Garson, Mr. Pearson, Mr. Martin, Mr. Lapointe and Mr. Rinfret were there as well as Mr. Robertson and Mr. Pickersgill.

I first raised a question as to the disposition of the Special Force. For many reasons it had become very urgent for us to make definite arrangements with the United States for movement, final training, supply and accommodation. We had not yet communicated to the Secretary General of the United Nations our intention with regard to the Force. In the absence of this we could not expect the U.S. to make available to us equipment which was also needed elsewhere.

A letter to Mr. Trygve Lie had been prepared by the officials. This letter was then gone over in detail and Mr. Robertson was authorized to have a submission prepared and a note by Council approved authorizing its despatch at once.

I also said that we wanted to make definite arrangements with U.S. Service authorities along the lines that had been discussed.

These were then indicated[44] and the same action was authorized as with the letter.

Mr. Pearson then dealt with the situation at Quebec resulting from discussions with the North Atlantic Treaty nations.[45]

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[44] Voir le document 73./See Document 73.

[45] Voir le document 570./See Document 570.

The United States had advanced the idea of a reintegrated force. All twelve nations had approved this in principle. The only point of issue was the re-arming of Western Germany. On this the French had so far been adamant. The other nations took the contrary stand.

I pointed out that our supporting the concept of an integrated force created a clear moral obligation to supply troops for that force. They had already planned to have one squadron of fighters undergo operational training in the United Kingdom early in 1951. We could probably add to these another squadron that year equipped with F.86's and a third with Vampires which at least could be borrowed from the United Kingdom.

We had raised and were training a special force for Korea. For the Special Force we have specially enlisted about 9,000 men and we were proposing to post another 1,000 from the active force. Altogether the Special Force and its reinforcements would total over 10,000 and if fighting continued in Korea, it would be the second largest western force fighting there, possibly equalling in total numbers the U.K., Australian and New Zealand forces put together.

In total numbers again it would be considerably bigger than the average German or Russian division, though very differently composed.

If this force did not go to Korea but was grouped with the Airborne Brigade Group and other elements in the active army such as the two armoured regiments, the additional artillery units, engineers, signals, etc., from existing formations, we would have a total of somewhere between 17,000 and 19,000 men which would constitute a good size division for peacetime.

The military value of having this act as a division in Canada would hardly justify the expense and trouble of putting it together. It could only be done in summer. It would be possible to form the elements into three brigade groups, the elements of which could undergo training at the brigade group in summer.

It would not be possible, I thought, to send the Special Force to Korea if that meant engaging in active fighting with the consequent necessity of supplying reinforcement and inevitably building up a growing supply line and at the same time send troops to Europe.

We could, however, put this on an "either or" basis. If the troops did not go to Korea, they could go to Europe.

We could send part to each place.

A decision as to the disposition of the Force would have to be made very soon, within a matter of a very few weeks, in order to arrange for accommodation, transport, equipment, completion of training, etc.

There is no place in Canada where the whole force could be put together in winter quarters. We were pressing on with the winterization of additional quarters at Valcartier, Petawawa and Wainwright, so that if necessary the force could be accommodated in Canada.

It was very desirable, however, to get the force, or a large part of it, going just as soon as advanced training was completed about the middle of November. Other-

wise with the removal of the Korean incentive we would likely be faced with considerable difficulty in maintaining morale and discipline.

If the Korean incident was settled in favour of the United Nations and if the Russians showed signs of politeness, or even a willingness to discuss co-operation, the international temperature would be likely to climb sharply and it might be very difficult indeed for us to maintain the present rate of recruiting.

This was just sufficient for the Navy and for Air Force aircrew at the present low scale but not nearly sufficient for groundcrew for the Air Force. Also the 40% increase in ceilings meant an almost corresponding increase in the number of officers. What had been a relatively satisfactory position in June had become a position of acute shortage in August.

If we sent forces abroad, we would be faced with the necessity of supporting them. The reduction in size might be very difficult. We must therefore recognize, as I pointed out to the Cabinet twice before, that embarking on this line might mean selective service in peacetime if we were to avoid the discomfiture of failing to do what we had undertaken. Personally, I thought that could not be contemplated and consequently we should recognize that if this course were undertaken and if recruits were not forthcoming in sufficient numbers, this might mean selective service.

I also pointed out that the developments since Korea would involve considerable changes in defence planning. We are examining the possibility of carrying out these increased activities without a corresponding increase in administrative staffs by even working to get a decrease through possible curtailment of reserve forces through the complete discontinuance of relatively inactive units. The Prime Minister doubted that this would be possible. He felt that we would probably have to maintain the reserve units and the increased activities would probably result in an increase of staff.

I felt, however, that we should see again if we should not go further with the plans of the balanced force. For example, we might sharply curtail the Navy. Our Navy was so small anyway and its purpose was so entirely defensive that it could not contribute much by way of deterrent. Today all North Atlantic Treaty nations must think first in terms of deterrents rather than a build-up of forces to win.

I recognized that if Mr. Pearson supported the principles of this integrated force as I felt he must, this would constitute a moral obligation to send men to Europe. Those present agreed that this was the right course.

I pointed out that in view of the Prime Minister's statement about this to Parliament and of the undertakings that had been given, it was highly desirable that none of us should in any way indicate the possibility of this development until he had done this himself, probably after a full Cabinet meeting and a full discussion.

I also pointed out one of the inescapable dangers of association in the present league. Mr. Pearson I know had experienced precisely the same thing and it was inevitable.

This was the tendency on the part of everyone of the other countries and particularly of the United States itself to think of the desirability of the Canadian effort always in terms of a fixed fraction of the U.S. effort.

Canada was the only country in a comparable position. We certainly had the second highest standard of living and were richest in natural resources. Consequently we should make the same proportionate contribution as the United States.

Very few people even know that that contribution in proportion to population should be as low as 1/11th or 1/12th, or in proportion to national or individual income, some much smaller figure, say 1/18th.

On all occasions we must fight against the fairness of such comparison.

Mr. Pearson agreed whole heartedly with this.

79. DEA/50069-B-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM 536 Ottawa, September 25, 1950

SECRET. IMMEDIATE.

Repeat Washington EX-1726.

1. Below is the text of the Note to the Secretary General concerning the commitment of the Canadian Special Force to Korea. The note has been approved today by Council.

2. You will observe that the text has been changed partly in accordance with your suggestion in telegram No. 691 of September 22. It was not thought however that it was desirable to be as specific as suggested in telegram No. 18 of September 23 that the Force was committed "for combat service only".

3. Since the Minister discussed the note with his colleagues at Quebec, it may be that he will have some views as to whether you should point out to the Secretary-General that the commitment is for combat service only. You might also wish to discuss with the Minister whether Mr. Wrong should point this out to the State Department.

4. May we leave it to you to transmit instructions to Washington and send us a copy of the instructions?

5. Presumably the Secretary-General will make the note public. Will you please clear with him the hour of release and let us know in advance so that we may have the text available for the press here. We do not intend to release it here, but if it is released in New York we may get enquiries for the text. The general line we propose to take here is that this is merely "paper work" on the decision taken earlier.

Text begins:

I have the honour to refer to my Note of August 14, 1950, transmitting a copy of the Prime Minister's statement of August 7, 1950, concerning the recruitment of the Canadian Army's Special Force which would be specially trained and equipped to be available for use in carrying out Canada's undertakings under the United Nations Charter or the North Atlantic Treaty. The Prime Minister also indicated that, subject to the approval of the Parliament of Canada, this Special Force would be available for service in Korea as part of the United Nations Forces, if it could be most effectively used in this way when it was ready for service.

I am instructed to inform you that this Special Force has now been recruited and is undergoing training and that its use for service with the United Nations Forces in Korea has been authorized.

The Special Force consists of a brigade group, including three infantry battalions, one field regiment of artillery, one squadron of self-propelled anti-tank guns, together with engineer, signal, medical, ordnance and other services, with appropriate reinforcements.

Upon reaching a state of training satisfactory to the Canadian Government this Force will be made available for combat service with the United Nations Forces in Korea as required. Arrangements for advanced and final training of the Force and for its subsequent service in Korea will be made with the Unified Command. Informal discussions to this end have already been held with the Unified Command. Text ends.

7. We are repeating this telegram to Washington.

80. DEA/50069-B-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 695 New York, September 26, 1950

SECRET. IMMEDIATE.

Addressed Washington No. 165.
Reference telegram No. 536 of September 25th from Ottawa, repeated to you as EX-1726.

1. My immediately following telegram† contains the text of note which I shall hand to the Secretary-General either this afternoon or tomorrow morning, depending on when it is possible for me to see him.

2. With regard to paragraphs 3 and 4 of telegram under reference, Minister has asked me to call to the attention of the Secretary-General the fact that we attach significance to the term "combat service" in the last paragraph of the note. I shall therefore draw this phrase to the attention of the Secretary-General and remark that the special force is intended for combat service, and that if, when its training has been completed, the situation in Korea is one which requires garrison or occupation

duty only, further consideration may have to be given to the disposition of the forces. The Minister considers that you may wish to make some similar comment in Washington in making copy of the note available to the State Department.

3. In conversations with both Jessup and Rusk during the past few days, the Minister has mentioned the possibility that, if hostilities had ceased in Korea by the time the Canadian special force was trained, it might be preferable to use them elsewhere, perhaps in Europe. On both occasions he said that he did not think it possible for us to maintain a force of this size both in Korea and in Europe. At this point, Rusk volunteered the comment that it might indeed make a great deal more sense for us to send our special force to Europe if by that time the emergency were over in Korea.

4. I shall let you know as soon as I have given note to the Secretary-General and shall also let you know what arrangements he will make for publishing it.

81. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 1427 Ottawa, September 26, 1950

SECRET

Reference our telegram No. 1209 of August 24 and your telegrams Nos. 1634 of August 28† and 1723 of September 7 concerning the designation to be given to non-United States formations which may operate in Korea.

1. It seems to us that the use of the term "Commonwealth Division" would be exclusive in practice and might well make it difficult to include in it small detachments from other countries which might very well be using U.K. type equipment. In any case there would appear to be no very strong reason for inclusion of the Canadian force in such an organization since the Canadian force will be largely a self-contained combat unit except for supplies. It will include a brigade group, including three infantry battalions, one field regiment of artillery, one squadron of self-propelled anti-tank guns, together with engineer, signal, medical, ordnance and other services, with appropriate reinforcements. Moreover, in view of the close working relations between Canadian and U.S. Services, it will be more feasible for us to make direct arrangements with the Unified Command for advance training and commitment to combat service.

2. There is one further argument against the establishment of a "Commonwealth Division" which was not touched upon in telegram No. 1209 but which might be worth mentioning to the Commonwealth Relations Office. It concerns the possible disadvantages of sending a Commonwealth formation to fight in Asia at a time when none of the Asian members of the Commonwealth is likely to contribute troops to such a formation. On the basis of information available to us, neither

India nor Pakistan would feel impelled, by the establishment of a "Commonwealth Division", to contribute combat troops to fight in Korea, although both countries might well, in such circumstances, be placed in an invidious position by their inability to do so. At a time when every effort is being made to give India and Pakistan leading roles in the settlement of Asian problems, it would seem inadvisable to take any step which might embarrass them. Furthermore, since there is no assurance that either country would participate in a "Commonwealth Division" for Korea, the organization of such a formation might give the Soviet Union an opportunity to point out to the other Asian peoples that the Commonwealth had failed to persuade its two most influential Asian members to go along with it in this important matter. Any such outcome would obviously be dangerous and would, it seems to us, serve to play down unnecessarily the United Nations character of operations in Korea.

3. Although we are, for the reasons given in telegram No. 1209 and in the foregoing paragraphs, opposed to the term "Commonwealth Division", we have nevertheless been unable, so far, to hit upon a suitable alternative title for a formation which will include elements of widely varying nationalities and geographical areas. We are afraid that the title "United Nations First Division" would not be acceptable to the Americans who, after all, were the first and until British troops arrived recently, the only United Nations troops assisting those of the Republic of Korea under the Unified Command. On the whole I am inclined to think that it would be preferable to do nothing at this stage about a title and to depend on the newspaper correspondents to reach their own solution.

82. DEA/50069-B-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 49 Ottawa, October 2, 1950

SECRET. IMPORTANT.

PRIME MINISTER'S KINGSTON SPEECH

Following for the Minister *only* from the Under-Secretary, Begins: Following our telephone conversation this morning I spoke to both Mr. Claxton and Pickersgill and it appears that the Prime Minister spoke from a prepared text given to the press "not to be released before delivery about 9 p.m., September 30." The speech was given before the annual meeting of the Royal Military College Club of Canada and the press report in the *Gazette* of October 2 is accurate.

2. Both Mr. Claxton and Pickersgill agreed that we should have been consulted in advance. Pickersgill wishes me to convey his sincere apology to you for not having let us see a copy of the draft text which was prepared during last week.

3. At the same time, both Mr. Claxton and Pickersgill were surprised that we felt that Mr. St. Laurent's remarks went further than any authoritative sources had gone so far concerning the employment of Canadian troops in Europe. I pointed out to them that public reference to the availability of the Special force "for service as part of a deterrent force in Europe" had not been made authoritatively hitherto; further, you had been careful at NATO meetings not to commit the Government in this particular respect.

4. My immediately following message contains textual extracts from Mr. St. Laurent's speech. The complete text† will go forward by air mail today.

5. In speaking to Mr. Claxton and Pickersgill I made it clear, of course, that we were not objecting to the substance of the Prime Minister's statement; quite the contrary, what he said was in line with your own thinking. Ends.

83. DEA/50069-B-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 50 Ottawa, October 2, 1950

Repeat London No. 1466; Paris No. 377; Washington EX-1802.

PRIME MINISTER'S KINGSTON SPEECH

The following extract from the Prime Minister's address to the Annual Meeting of the Royal Military College Club on September 30 concerns his reference to the availability for service in Europe of the Canadian Army Special Force.

Extract Begins:

At the present time the Force is being trained for service in Korea, if that seems to be the right place to send it when it is trained and ready. But there are other areas in the world; for what has happened in Korea might be repeated, and it might be that our Special Force would be despatched to some entirely different place if circumstances warranted and Parliament approved.

"Provided the Korean incident is successfully terminated before too long a time has elapsed, the Special Force would be available for service as part of a deterrent force in Europe, if its employment there would fit in effectively with the joint plans." Meanwhile, as you all know, the most important obstacle to the creation on the Continent of Europe of extensive ground forces is the shortage of equipment and of the capacity to produce equipment, weapons and supplies. I don't need to tell you either that, speaking generally, it takes longer to get into large-scale production than it does to train men to a fighting pitch. For the immediate future, therefore, so far as Europe is concerned, there is a most urgent need for military supplies to be put into the hands of the men who are already there.

Now I must admit I have been rather surprised to see that this point has been misinterpreted in certain quarters and that it has been suggested that Canadians are

going to be too busy producing munitions to do any of the fighting. It seems to me Canada's proud record of participation in two world wars is a simple and sufficient answer to any such suggestion. But at present there is no fighting going on in Europe, and what we are concerned about is trying to prevent another war starting over there, and that means putting up the best possible evidence of united ability and readiness to resist and overcome any possible aggression. Extract ends. Message ends.

84. PCO

Extrait du procès-verbal de la réunion du Comité du Cabinet sur la défense

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET Ottawa, October 5, 1950

. . .

VII. SPECIAL FORCE

17. *The Minister of National Defence* reported that the Special Force was practically up to strength with about 5,000 officers and men plus 4,500 reinforcement. It would complete basic training about November 2nd. Approximately another three months, depending on various factors, would be required before it was completely trained and ready to fight. If it was not dispatched to Korea, a decision would have to be made whether it would winter in Canada or outside the country. The United States were anxious that the occupation forces in Korea might be of a genuinely international character and consequently would welcome Canadian participation. However, it might not be desirable for the whole force to do occupation duty there, but a detachment around battalion size might be made available. The remainder could, if necessary, be accommodated at various camps in this country.

Because of the climate and because they would have to be dispersed in small groups, it would not be possible to advance training very rapidly in Canada. Service authorities had discussed briefly and informally with Americans the possibility of the force training as a group in the south-western United States. The force had been recruited with the intention of serving outside the country and, from a point of view of morale, it would be desirable for the men to complete their training elsewhere than Canada. In addition, in the United States they could complete formation training in a suitable climate. A large amount of the equipment of the Special Force was of U.S. design and it would be both practicable and valuable to have the force train with American formations. As considerable preparations and plans were necessary before any of the courses open for the disposition of the force could be adopted, it might be necessary to take some preliminary decisions within the next two or three weeks.

18. *The Chief of the General Staff* said that American authorities were in the process of considering plans for composition of the occupation forces in Korea. It was understood that an attempt would be made to include as large a percentage of

Asiatics as possible. The ultimate decision regarding the nature of the Korean force would be made by the U.N. authorities and any official request for Canadian participation would come from that quarter. In any case, the American military authorities were anxious that we defer any decision regarding participation until the matter had been given further consideration.

With regard to a large part of the Special Force wintering in Canada, General Foulkes said that it would be necessary to provide the men with winter equipment at a cost of approximately $250 each. This equipment would not be necessary if the force were dispatched to Europe. Further, while accommodation could be provided, it would be crowded and might lead to the spread of colds and other infections.

19. *The Prime Minister* suggested that the force had been raised for the purpose of the U.N. and that it would be extremely difficult to resist any request from the latter to participate, to some extent at least, in the occupation of Korea.

20. *Mr. St-Laurent* asked if there was any indication as to how quickly American detachments might be made available to the integrated force in Europe.

21. *General Foulkes* said that he understood that five National Guard divisions had been called up pending clarification of the situation in Korea. These were still in a state of training but, when suitable arrangements could be made, would probably be sent to Europe. It was unlikely that any troops would be dispatched before the first of the year and they would probably not go in any quantity until at least the spring.

It was suggested that, from a military point of view, the smallest unit the Supreme Commander would consider desirable as a contribution from member nations to the integrated force would be a division. While the whole force would be an international one, if possible it would be better not to have individual divisions made up of a number of national components. The Special Force that Canada had raised, together with its reinforcements, which would not be required as such if the force went to Europe, could be provided in the form of a small training division.

22. *Mr. St-Laurent* said that Canadian public opinion would not be prepared to support the dispatch of one Canadian division in the near future in the light of the probable American programme for participation. While the latter might ultimately provide twelve or more divisions it would be unwise for Canada to assume obligations in Europe too far ahead of other countries. There was always the possibility that a Canadian force might be overwhelmed as a result of action occurring sooner than was anticipated. The right contribution for Canada to make in the way of manpower should be somewhere between one-twelfth and one-fifteenth of what the United States was doing.

23. *Mr. Claxton* pointed out that from the point of view of total effort with respect to manpower and finance, the Canadian effort would not come close to one-twelfth or one-fifteenth of that being put forward by the United States.

24. *General Foulkes* said that it was intended that the size of the integrated force for Western Europe would be between thirty and forty divisions. The United States believed that this kind of force was the only possible deterrent to Russian aggression. It was anticipated that the French would contribute something like fifteen divisions and the Dutch four divisions.

25. *Mr. St-Laurent* said that the public would inevitably compare Canada's contribution in terms of the American contribution and that they would look on the integrated force as something separate and apart from the total defence effort of the various member countries.

26. *The Minister of Agriculture* suggested that if the Special Force were to train in the United States in advance of any publicly stated decision to dispatch them abroad and if, during the period of their training, American divisions were being sent to Europe, there might be some hostility to members of the Canadian force from the American public.

27. *Mr. St-Laurent* said that, as it appeared unlikely that there would be any substantial movement out of the United States at the time the Canadians were being moved there, this difficulty would probably not arise.

He suggested that we continue to investigate where the Canadian Special Force might be most usefully trained and employed, on the grounds that it had been raised to meet our obligations under the United Nations or the North Atlantic Treaty and that it was important to have it train with other international forces, so as to be ready to fill its intended role. This should be done as expeditiously and sensibly as possible. We had said that it was our intention to make it ready for Korea or elsewhere in discharging our international obligation. If this necessitated training outside Canada, it did not appear that any departure from announced government policy was involved. If, however, in conformity with joint plans, a decision was reached to send it elsewhere than Korea, it would be necessary to consult Parliament.

In this connection, the Prime Minister submitted the following excerpt from a speech which he was to make the next day to the Canadian Industrial Preparedness Association, stating the government's policy with regard to the disposition of the Special Force.

"The aggression in Korea was the immediate occasion for the creation of the Canadian Army Special Force, but from the first move to establish that force it has been made clear that it was being created to be available to assist without undue delay in discharging Canadian obligations under the United Nations Charter and the North Atlantic Treaty. As I said at the Royal Military College in Kingston last week, the force is now being trained for service in Korea and it will be sent to Korea if that still seems to be the right place to send it when it is ready for service.

But it may be that circumstances will make it expedient to employ this special force in some other area and, if circumstances make such a course seem advisable in the interest of increasing the common security of ourselves and of our allies, the government will not hesitate to recommend to Parliament that this force be employed elsewhere. I also indicated last week — and this was implicit in our plans from the beginning — that the Special Force, if it were not needed in Korea, would be available for service with forces of our North Atlantic partners wherever it might best fit into any overall planning; that might well mean its employment in Europe if that is what best fits into the joint plans when those joint plans have taken definite shape.

I am sure we all recognize that the armed forces of Canada must be appropriately represented in the integrated force which is to be established by the North Atlantic Alliance. But it is of the utmost importance to be realistic about these matters. Any military force which we can send to Europe when there is no war going on in Europe will, of necessity, be a very small part of the combined strength in being of the North Atlantic powers if that strength is to be substantial enough to make potential aggressors think twice before they start anything."

28. *The Committee*, after further discussion:

(a) approved the statement on the government's policy with regard to the Special Force, to be included in the speech to the Canadian Industrial Preparedness Association on October 6, as submitted by the Prime Minister;

(b) agreed that the appropriate authorities continue to investigate where the Canadian Special Force might most usefully train in order to conform with the government's policy of discharging our obligations under the U.N. and the North Atlantic Treaty.

. . .

85. DEA/50069-B-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1911 London, October 5, 1950

SECRET

Your telegram No. 1209 of August 24 regarding proposals for the constitution of a "Commonwealth Division".

As you are aware, the views as set forth in your telegram under reference were left with the Commonwealth Relations Office on August 28 in the form of an aide mémoire† embodying the points in your message. The additional points outlined in paragraphs 1 and 2 of your telegram No. 1427 of September 26 were also brought to the attention of the Commonwealth Relations Office.

2. In reply, the Commonwealth Relations Office has given us to-day an aide mémoire which outlined the discussion which has been proceeding between United Kingdom, Australia and New Zealand on the grouping of their respective contingents in Korea, and which deals with the two principal points raised in your telegram under reference: (1) the question of nomenclature, and (2) the possible addition of foreign troops. Attached to the aide mémoire is an annex outlining the arrangements for control, command and rearward administration of the proposed United Kingdom/Australian/New Zealand brigade group.

3. The text of the United Kingdom aide mémoire and annex is contained in my immediately following telegram.

4. In handing this aide mémoire to us to-day, Garner explained that the substance of it had been prepared prior to the receipt of your additional comments outlined in telegram No. 1427 of September 26.

5. It is quite clear that the problems of grouping and designation discussed in the United Kingdom aide mémoire will only be actual on the assumption that the Canadian force now being trained is required to proceed to Korea. Much will also depend on the composition of the United Nations force and its role in Korea under the terms of the United Kingdom resolution now being discussed at Lake Success.

6. In the event that the Canadian special force proceeds to Korea there would seem to be three possible courses open for its employment:

I. Inclusion in a Commonwealth divisional formation on the broad lines of the United Kingdom proposal;

II. To operate as an independent brigade group;

III. Inclusion in a United States division.

7. In the case of the first course, to offset the difficulties of nomenclature there would be the advantage that the United Kingdom would be responsible for the logistic support of the Canadian special force.

8. In the case of the second course, it must be borne in mind that the United Kingdom might object to undertaking to provide logistic support for the Canadian special force.

9. In the case of the third course, if the Canadian special force were to operate as part of a United States division there would be considerable difficulty in providing it with United Kingdom type equipment.

10. I should be grateful for your comments in due course.

86. DEA/50069-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1912 London, October 5, 1950

SECRET

Repeat to Washington and New York.
My immediately preceding telegram. Following is text of United Kingdom aide mémoire, Begins:

D.3190/66. Secret.

Aide Mémoire

The United Kingdom Government have made a careful study of the *aide mémoire* communicated by the High Commissioner for Canada on 28th August, relating to the arrangements which might be made for brigading together the land

contingents which Canada, Australia, New Zealand and the United Kingdom have sent, or are proposing to send, for service as part of the United Nations forces in Korea.

2. In view of the great successes recently gained by the United Nations forces it may be that present plans for the training and despatch of troops to Korea will have to be modified, but on the assumption that land contingents from the four countries may still find themselves engaged in operations there, the United Kingdom is most anxious to reach agreement in principle with the other governments both on the question whether the four contingents should be joined in a single force, and, if it is decided that they should be so joined, on the various consequential problems that arise.

3. Discussions on these questions have been proceeding between Australia, New Zealand and the United Kingdom and agreement in principle has been reached between these three Governments that their respective contingents should be grouped together as an expanded brigade group under a United Kingdom Commander (who will of course come under United States operational control). This expanded brigade group would consist of:

(1) 29 Brigade Group from the United Kingdom

(2) The Australian infantry battalion now in Korea;

(3) One New Zealand field regiment R.A.

When 29 Brigade Group reaches Korea it is intended that the two United Kingdom infantry battalions (which were moved as a matter of urgency from Hong Kong) at present fighting there, under Brigadier Coad, should be withdrawn.

4. The United Kingdom Government have given their provisional agreement to the arrangements for the maintenance, rearward administration and non-operational control of this joint United Kingdom/Australian/New Zealand brigade group which are set out in the annex to this *aide mémoire*. The United Kingdom's endorsement of these arrangements is provisional only since it is clear that they may require reconsideration in the event of the Canadian Government's deciding that the Canadian Army special force should be joined with the contingents from the three other countries. We have suggested to Australia and New Zealand that they and we should arrange forthwith to study at the official level the details of the arrangements set out in the annex. But pending an indication of Canada's wishes we have recommended to the other two Governments that no public statement should be made by Australia, New Zealand or ourselves about the arrangements so far discussed between us, and that for the moment none of us should make any communication about these arrangements to the United States Government. We have heard from the New Zealand Government that they agree. A reply from Australia is awaited.

5. As the Canadian Government will be aware the Indian Government have offered a field ambulance unit for service with the United Nations forces in Korea. We have asked the Indian Government whether they would be prepared to link their ambulance unit with whatever Commonwealth force for Korea is formed, but have not yet had a reply.

6. The United Kingdom Government share the Canadian Government's view that for reasons of efficiency and convenience there is much to be said for troops from the various Commonwealth nations serving together. They greatly appreciate the statement in the Canadian Government's *aide mémoire* that Canadians will be happy to serve alongside their comrades from the United Kingdom. The United Kingdom Government would welcome agreement in principle to an arrangement whereby the Canadian special force and the United Kingdom/Australian/New Zealand brigade group might be joined together to form a single division, if this should become militarily necessary in the future, and we should be glad to learn as soon as possible whether the Canadian Government agree to do this.

7. If so, it will of course be necessary for the Governments concerned (including India, if they decide to link their ambulance unit with the other Commonwealth forces) to reach agreement on consequential arrangements. As regards the measures that will be required for non-operational control and maintenance for the joint force, the United Kingdom authorities would be glad to learn from the Canadian authorities how far, and in what specific ways, the latter consider the arrangements already provisionally agreed between the United Kingdom, Australia and New Zealand in respect of the administration of the proposed expanded brigade group would need modifying if the Canadian Army special force were added so as to form a new division.

8. As regards the two points raised in the Canadian Government's *aide mémoire* of 25th August (viz. (1) the question of nomenclature, and (2) the possible addition of foreign troops), the United Kingdom Government are in entire agreement with the Canadian Government in attaching importance to the United Nations aspect of the operations in Korea. In the same way as Canada, the United Kingdom are taking part in the fighting as a result of their adherence to the United Nations Security Council's resolutions. But since the whole operation in Korea is a United Nations responsibility it would, in the United Kingdom's view, be illogical to call one division taking part in it a United Nations division when the others were not also so named. Moreover there is a practical difficulty. It does not seem possible to the United Kingdom authorities to omit the word "Commonwealth" from the title of a division which would be mainly, or as we would prefer, wholly composed of troops from the Commonwealth. A division so composed would inevitably be called a Commonwealth division by its own members and by the public and it would in the view of the United Kingdom Government be fruitless to attempt to enforce a title omitting this word. We would, however, be very ready to agree to some such title as "First (Commonwealth) Division, United Nations Forces", if this would help to meet the Canadian Government's point.

9. As regards the addition of foreign troops the United Kingdom Government as at present advised think that this course would present considerable practical disadvantages. Difficulties would arise in respect of language, equipment, procedure, training and maintenance which would inevitably have repercussions on the efficiency of the force and the speed with which it could be got ready for active operations. The United Kingdom Government, for their part, would accordingly much prefer *not* to add foreign troops.

Annex

SECRET

ARRANGEMENTS FOR CONTROL, COMMAND AND REARWARD ADMINISTRATION OF PROPOSED UNITED KINGDOM/AUSTRALIAN/NEW ZEALAND BRIGADE GROUP

1. *Composition and Organization.*

(a) The following forces will be supplied by the three Governments:

United Kingdom—One brigade group plus one armoured regiment.
Australia—One infantry battalion.
New Zealand—One field artillery regiment with small force H.Q.

(b) These forces will be organized as an expanded brigade group under the United Kingdom Brigade Groups Commander.

2. *Base Organizations.* As much as possible will be made of the existing British Commonwealth Occupation Force (B.C.O.F.) base in Japan. Some form of forward base in Korea will also be required. Exact form of these base organizations to be settled after discussion with Unified Command.

3. *Control and Command.* Higher operational control of the force will be exercised by the Unified Command. Commander-In-Chief B.C.O.F. to be responsible for non-operational control and the general administration of the force. Directions to Commander-In-Chief, B.C.O.F. to be issued through the Australian Chiefs of Staff in Melbourne working in conjunction with military representatives of the other Commonwealth Chiefs of Staff concerned, and on behalf of these Chiefs of Staff. On routine matters not requiring reference to the Australian Chiefs of Staff, each Commonwealth War Department would communicate direct with Commander-In-Chief B.C.O.F. Latter's directive would make it clear that for this purpose he will be the representative of each Commonwealth War Department.

4. *Supply and Finance Problems.* These should be studied on the officials level with the object of formulating agreed recommendations to Governments.

5. *General.* Units will retain their national identity and their internal administration will be in conformity with their national regulations and conditions of service. Ends.

87. DEA/50069-A-40

Extrait du procès-verbal d'une réunion

Extract from Minutes of a Meeting

SECRET Ottawa, October 24, 1950

Notes of a meeting held in the Conference Room, East Block, on Monday, October 23, 1950, at 10:30 a.m. between representatives of the Department of External Affairs (Messrs. Reid, MacKay, Menzies and Duder) and representatives of the services (including Major-General Graham, Major-General Macklin, and Air Commodore Godfrey) to hear a report by Mr. Norman, Head of the Canadian Mission in Japan, on the situation in the Far East.

In the Chair: Mr. Escott Reid.

Mr. Norman, reporting on his recent interview with General MacArthur, at which Brigadier Fleury had also been present, said that there now seemed little point in sending Canadian troops to train at Okinawa. Construction for accommodation for Canadian forces at the base there had been stopped pending settlement of the question of payment. General MacArthur was not greatly concerned over the arrival or non-arrival of Canadian troops, since the combat phase of the war was nearly over. General Robertson (BCOF) had told Brigadier Fleury that he thought it would be useful if Canada were to send a battalion of regular troops direct to Korea. (At this point Major-General Graham announced that the latest order was to send the Canadian advance party to Pusan). Mr. Norman, continuing his report, said that General MacArthur intended to withdraw the 8th Army by Thanksgiving, and to cut down to a minimum the number of combat troops in the occupying force.

In reply to a question, Mr. Norman said that the fighting was practically over and that there was little danger of successful guerrilla warfare later on. He considered that the Northern frontier could not be completely closed and he could not say whether or not there would be a no-man's land between Korea and Manchuria. It was difficult to say what Russia's reaction to the presence of an unfriendly power in the North would be; any Russian military reaction would now be too late, and the South Korean forces could probably take care of any initial threat and of annoying border tactics. It was General MacArthur's view that in time Korea would go Communist as a result of the pressure of Communist China.

Major-General Graham asked whether the occupying force would have trouble with the South Koreans, to which Mr. Norman replied that President Rhee would not be easy to work with because he considered his government the only lawful one of the whole of Korea and would resent any interference in internal affairs. At this moment Mr. Menzies intervened to give an account of the pre-war political background of Korea. He agreed that Rhee would certainly take over North Korea and that some sort of compromise might have to be worked out, e.g., occupation troops, not labelled as such, might be stationed in North Korea to give the impression that a reasonably just administration in the name of the United Nations was being conducted there.

Mr. Norman added that President Rhee had said he would welcome U.N. forces for a short while to help with civilian relief and reconstruction. Mr. Norman was quite sure that any election would go in favour of Rhee's party; if Rhee had his way such an election would be confined to the 100 seats left vacant in the R.O.K. for North Korean representation.

After some discussion of the suitability of the Canadian Special Force men for occupational duties, Mr. Reid proposed that a joint memorandum be prepared for consideration by the Cabinet on Wednesday. This memorandum might include:

(a) A firm offer of Canadian participation in an integrated force for Western Europe;

(b) A not so firm mention that Canada was considering with the Unified Command some contribution to the occupational force for Korea.

The possibility of sending a group of men to do a specialized construction job in Korea was put forward by Mr. Menzies. A/C Godfrey considered that the parcelling out of the Special Force in any such way would cause great difficulties in administration, supply, and the keeping up of morale.

Mr. Norman's suggestion that the Government might issue a statement to the effect that the Special Force was not considered suitable for the purposes of occupation but that it had under consideration the sending of a battalion of well-trained and seasoned troops was not supported by the representatives of the Department of National Defence.

. . .

In closing the meeting Mr. Reid referred the question of a joint memorandum to the two departments concerned.

88. B.C./Vol. 123

Le ministre de la Défense nationale
au premier ministre

Minister of National Defence
to Prime Minister

TOP SECRET Ottawa, October 24, 1950

My dear Prime Minister,

At the Cabinet tomorrow I thought I should put before our colleagues the main points that are likely to arise in connection with the Washington meetings.[46]

To assist in the discussion I enclose a draft paper which, if you approve, might be distributed.[47]

I also enclose a copy of a signal just received from Brigadier Fleury, our liaison officer in Tokyo. I doubt if we can expect General MacArthur ever to say that he doesn't want our troops or any part of them.

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[46] Voir Chapitre 5, 6e Partie./See Chapter 5, Part 6.
[47] Voir le document 829./See Document 829.

It seems to me

(1) we should decide if possible Wednesday not to send the whole brigade group to Korea;

(2) we should try to secure from the U.S. at Washington a telegram saying that the brigade group was not necessary "for combat", which would make it perfectly clear that we could say what part of the force, if any, was to be used for occupation;

(3) if we cannot get an indication from the U.N. or U.S. that the force is not needed for combat, we might have to delay announcing this until it was clear that hostilities were over;

(4) we should not send the whole force to Korea, but decide Wednesday to send a battalion or possibly part of a battalion with engineer, medical and communications units.

I am trying to get Hume Wrong now to discuss next moves with him.

Yours faithfully,

[B. CLAXTON]

[PIÈCE JOINTE/ENCLOSURE]

L'officier de liaison militaire à Tokyo
au ministre de la Défense nationale

Military Liaison Officer in Tokyo
to Minister of National Defence

TELEGRAM Tokyo, [October 22, 1950]

TOP SECRET. PRIORITY.

Your QG 177

GHQ approve movement special force direct Pusan Korea instead of Okinawa.

Am sending Sare Crue Whitigar Bowen [corruption]ared to Pusan earliest to reconnaise and make preliminary arrangements. I propose joining them later this week.

2. As notified previously there is no repeat no likelihood special force arriving in time for taking part in active operations in Korea. Barring the unexpected intervention direct by Russia or China fighting in Korea should be over in few days except for (a) mopping up guerilla bands and (b) possible strong points which G2 thinks may develop around hydro project at Sinuiju and Pyoktong and around warm water ports near north east tip of Korea. Former important to China and latter to Soviet Union. This will have to be attacked frontally if they develop. Canadians are cruelly doomed to occupation role. This may be shaped of necessity but in my view will constitute logistical and morale headache of major proportion. I can but recommend strongly that no repeat no troops be sent under present circumstances. If occupation alliance must be accepted I would suggest size force be reduced acceptable minimum. I see little possibility that Gen MacArthur will suggest cutting down Canadian contribution and still less that he will suggest cancelling despatch.

25 CIB. This would be self inflicted wound. He wants to get as many USA troops as possible out of Korea as quickly as he can. Every non USA battalion he gets for occupation duties means one less battalion committed to this unwelcomed task. For political reasons too he thinks Canadians should care in the occupation. However I feel confident Gen MacArthur would not repeat not be greatly upset following alteration of [corruption] announcing Canadian contribution will be cut down to say one infantry battalion. I cannot guess what his reaction would be if you suddenly announced cancellation. Much would depend on timing and wording. Herbert Norman is in good position to advise on this feature.

5. As I see it you must sabotage (take ??) initiative. There is no repeat no reason Gen MacArthur to make a move. He is in solid position simply awaiting arrival Canadian troops as scheduled. If you so direct I will ask him to make his view known to Washington but I fear any alterations (in our ???) suggestions will not repeat not be well received and result in his sending for whole brigade group.

6. I have just come from interview Gen MacArthur's C of S General Hickey. Foregoing remarks condensation his advice and reactions in addition to the information from the CO Pacific Coast source and my personal conclusions.

7. Would be grateful for more up to date information and direction on calculations and plans as they concern my mission. Your tel under reply contains only consequential advice received since I left other than apart Vice Chief's GS 258 of Oct 11. Have uneasy feeling I may be operating partly in darkness and thus running into trouble. I assume past month must have produced some changes in policy or other (???) which may affect reports here.

89. DEA/50069-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2665 Washington, October 24, 1950

SECRET. MOST IMMEDIATE.

EMPLOYMENT OF SPECIAL FORCE

Following for Honourable Brooke Claxton from Wrong, Begins: After our conversation this morning I got in touch with General Foulkes at the Military Committee meeting. He was able to speak to General Bradley during an intermission. General Bradley told him that the United States Joint Chiefs of Staff had yesterday approved a recommendation that the Special Force should not go to Korea. He added, however, that this had to be taken up with the State Department because of that Department's responsibilities during the occupation period, and that General Gruenther was responsible for clearing the recommendation with the State Department.

2. I think that this can only mean that the Unified Command considers that the Special Force is not needed in Korea for combat service — an opinion based on military grounds.

3. I spoke early this afternoon to Assistant Secretary Perkins with whom I had had a conversation about the employment of the Special Force about a fortnight ago, when I gave him a copy of the formal Canadian offer addressed to the United Nations. I explained to Perkins the need for an early decision. He had not himself heard from the Pentagon about the action taken by the Joint Chiefs but he seemed confident that he would be able to let me know the outcome in time for the meeting of the Cabinet on Wednesday. I shall telephone as soon as I hear from him. Ends.

90. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], October 25, 1950

. . .

NATIONAL DEFENCE; CANADIAN ARMY SPECIAL FORCE

3. *The Minister of National Defence* said that, as hostilities appeared to be almost over in Korea, a decision had to be made in the very near future as to the disposition of the Canadian Army Special Force. It appeared that in present circumstances, if any part of the Force was to go to Korea it should go direct, saving the considerable expense of putting a camp in shape on Okinawa. The question, however, arose as to whether the whole or any part of the Force should go to Korea to police the country while order was being restored.

4. *Mr. Claxton* said that it was General MacArthur's intention to remove a considerable proportion of U.S. troops within the next two months, leaving a relatively small occupation force. U.N. and U.S. authorities were anxious that the occupying force should be representative of nations in addition to the United States. If Canadian troops were required for pacification duties, their participation might take the form of one battalion of about 1,000 officers and men with additional supporting personnel totalling about 100, or alternatively a smaller group composed of trained tradesmen, engineer and medical teams, army service corps drivers, etc. Such a group would be valuable in assisting in the rehabilitation and reconstruction necessary in Korea. The Supreme Commander and the Chiefs of Staff in Washington had indicated that either form of Canadian participation would be welcome.

The alternatives for the remainder of the Force were:

(a) to keep it or a large part of it in Canada;

It was considered that this would give rise to serious accommodation problems and disciplinary difficulties. There were no facilities available in Canada to train the force as a unit. Even to keep them here at a number of different camps would involve large expenditures. The Force had been raised primarily for service outside the country and it was considered

essential to the good morale of the Force that it leave Canada to complete its training.

(b) to have the remainder or a considerable part of it go to Europe as part of the integrated force as soon as this is organized and if Parliament had given its approval.

In all probability the United States would not be ready to send any additional troops to Europe until March.

(c) to have the remainder complete its unit training in the United States.

In addition to being cheaper than keeping the Force in Canada, this would provide a valuable opportunity for unit training in a suitable area with U.S. troops.

An explanatory memorandum was circulated.

(Minister's memorandum, Oct. 24, 1950 — Cab. Doc. 241-50)

5. *The Secretary of State for External Affairs* suggested that the appropriate military authorities of the North Atlantic Treaty Organization might indicate that, from a military point of view it would be undesirable to have as small a national component as was proposed as part of the integrated force.

6. *Mr. Claxton* said that the suggested contribution for Canada for forces in being in Europe by 1954 drawn up by the Standing Group was one-third of a division and seven and one-half fighter squadrons.

7. *The Cabinet*, after considerable further discussion, agreed:

(a) that it be indicated at the meetings of the Defence Deputies, the Military Committee and the Defence Committee of the North Atlantic Treaty Organization in Washington that Canada in the present circumstances would be prepared to send either a group of specialists composed of army engineers and medical teams and other suitable components to assist in the reconstruction and rehabilitation of Korea or an infantry battalion and supporting elements (with preference for the former);

(b) that the Minister of National Defence seek the best available camp in the United States where the remainder of the Special Force might complete its unit training in cooperation with the armed forces of the United States;

(c) that it be indicated that, on completion of this training and if it appeared desirable at the time, the Canadian Government would be prepared to request the approval of Parliament for participation of a considerable part of the Force in the integrated force for Western Europe;

(d) that the Minister of National Defence make an announcement regarding participation in Korea and the arrangements for further training of the remainder of the Force when suitable arrangements had been completed.

. . .

91. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET Ottawa, November 15, 1950

. . .

KOREA; DISPOSITION OF CANADIAN ARMY SPECIAL FORCE

5. *The Minister of Resources and Development*, referring to discussion at the meeting of October 25th, 1950, and to recent press reports on anticipated movements of the Canadian Army Special Force, enquired whether it was proposed to reconsider the disposition to be made of these troops in view of recent developments in the Korean conflict.

6. *The Minister of Trade and Commerce, as Acting Prime Minister*, said it was not intended, at the moment, to alter the previous decision that one battalion proceed to Korea and the remainder of the Force continue training at Fort Lewis, Washington, U.S.A. If the situation deteriorated any further in Korea, however, it was quite possible that the whole of the Special Force might have to be despatched to the theatre of conflict. No firm indication had yet been given by the U.N. Supreme Commander in Korea that the Canadian Force could be usefully employed as a complete unit in Korea at this time.

7. *The Minister of Fisheries* stressed the desirability of the United Nations adopting some form of armistice policy with respect to Korea. It seemed clear, particularly in view of Communist China's intervention in the Korean conflict, that the fighting would not cease if and when the North Koreans were pushed back to the Yalu River. Furthermore, if U.N. troops carried the fight right up to the Manchuria-Korea border, regrettable international incidents might and probably would result. In the circumstances, the wise course would seem to be to agree now on a hypothetical armistice line somewhere short of the Manchurian border, beyond which no fighting would take place.

8. *The Cabinet*, after discussion, noted the remarks of the Acting Prime Minister and the Minister of Fisheries on the disposition of the Canadian Army Special Force and on recent developments in the Korean situation.

. . .

92. DEA/50069-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État adjoint aux Affaires extérieures et pour la Direction de liaison avec la Défense

Memorandum from Under-Secretary of State for External Affairs to Assistant Under-Secretary of State for External Affairs and Defence Liaison Division

TOP SECRET [Ottawa], November 24, 1950

Re the attached memorandum to the Minister and enclosed copies of telegrams received from Earnscliffe, regarding the association of Canadian forces in Korea with other Commonwealth land forces, the Minister is anxious that nothing be done by National Defence (in approaches to United Kingdom military authorities, or otherwise) to commit us to any form of close participation with the British Commonwealth Brigade.

2. For whatever may be done in this matter, Cabinet authority would be required.

3. I told Mr. Pearson that at the moment National Defence were considering the situation legally and otherwise. We expected before long that recommendations would be put forward for Ministerial approval.[48]

A.D.P. H[EENEY]

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures[49]

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs[49]

TOP SECRET Ottawa, November 21, 1950

Attached are copies of telegrams 1274 and 1275 of November 18 from the C[ommonwealth] R[elations] O[ffice] to Earnscliffe which Sir Alexander Clutterbuck left with me on November 20. Telegram 1274 asks whether the Canadian forces are to be associated with other Commonwealth land forces in Korea, and if so whether any changes in the arrangements agreed between the United Kingdom, Australia, and New Zealand are necessary. An enquiry has been sent to the Chiefs of Staff for advice as to how the telegram should be answered.

Telegram 1275 gives the text of instructions to General Robertson, Commander of BCOF.

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[48] Note marginale :/Marginal note:
See Under-Secretary's annotation on attached telegram 1274. C. R[itchie]

[49] Note marginale :/Marginal note:
N[ational] D[efence] Cabinet No approaches to UK or Aust[ralia] [A.D.P. Heeney]

Would you be good enough to return the telegrams to Defence Liaison Division for filing?

A.D.P. H[EENEY]

[PIÈCE JOINTE 2/ENCLOSURE 2]

Le secrétaire d'État des Relations du Commonwealth du Royaume-Uni au haut-commissaire du Royaume-Uni[50]

Secretary of State for Commonwealth Relations of United Kingdom to High Commissioner of United Kingdom[50]

TELEGRAM 1274 [London], November 18, 1950

TOP SECRET. IMMEDIATE.

Repeat Canberra No. 1018; Wellington No. 610; Delhi No. 2692. My despatch Z. No. 45 of 6th October.

COMMONWEALTH FORCES IN KOREA

Prime Minister of Australia has now telegraphed to Prime Minister and to Prime Minister of New Zealand for approval of United Kingdom and New Zealand Governments draft directive to General Robertson giving effect to principles of non-operational control and administration of force agreed between United Kingdom, Australia and New Zealand Governments. Directive is contained in my immediately following telegram. This has been accepted by United Kingdom Chiefs of Staff.

2. Mr. Menzies asks for present United Kingdom views on question of making public and communicating to United States arrangements now agreed for Commonwealth force. Mr. Menzies points out that it would in any case seem necessary to bring directive to notice of General MacArthur.

3. We are anxious to complete arrangements for Commonwealth force and to make public announcement as soon as possible. United Kingdom 29th Infantry Brigade is already in Korea and New Zealand regiment is expected to arrive about mid December so that it will not be possible to keep our arrangements private for very much longer.

4. We have heard nothing from Canadian Government since we gave them the aide mémoire enclosed in my despatch under reference but War Office have heard from Canadian military representative in London

(a) that only one battalion will now be sent to Korea and

(b) that Canadians wish this battalion to be linked with the other Commonwealth land forces. We assume that Canadian Government will be replying accordingly to

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[50] Note marginale :/Marginal note:
Def[ence] Lia[ison] Div[ision], handed to me by U.K. High Comm[issioner] Nov 20 A.D.P. H[eeney] for consultation with N[ational] D[efence] and draft reply please.

our aide mémoire in due course but I should be glad if you would confirm with them now that our understanding is correct. If so please ask them

(a) whether and in what specific ways they think the arrangements agreed between United Kingdom, Australia and New Zealand for non-operational control and administration would need modification and

(b) whether our suggested compromise on the title of the force would be acceptable to them. Please obtain answers on these points as a matter of urgency since we must answer Australian Prime Minister's enquiry in paragraph 2 above as soon as possible. Meanwhile Prime Minister has replied to Mr. Menzies

(a) agreeing to directive so far as United Kingdom is concerned but

(b) pointing out that Canadian concurrence in directive will also be required when as now seems probable Canadian contingent is linked with Australian, New Zealand and United Kingdom contingents and

(c) that pending clarification of Canadian attitude it seems inadvisable to communicate directive to General MacArthur although there would be no objection to letting him — and also United States authorities in Washington — know informally position reached as between Australia, New Zealand and the United Kingdom.

5. In speaking to Canadian authorities you will no doubt inform them of developments in relation to Indian Ambulance Unit reported in my telegram No. 1222.

6. Whatever Canadian reply is made we should of course let Canadian Government know in advance of any public announcement i.e. even if this related to a United Kingdom/Australian/New Zealand/Indian force.

[PIÈCE JOINTE 3/ENCLOSURE 3]

Le secrétaire d'État des Relations du Commonwealth du Royaume-Uni au haut-commissaire du Royaume-Uni

Secretary of State for Commonwealth Relations to High Commissioner of United Kingdom

TELEGRAM 1275 [London], November 18, 1950

TOP SECRET. IMMEDIATE.

Repeat Delhi No. 2693. My immediately preceding telegram. Following is proposed directive to General Robertson, Begins:

"Introduction

His Majesty's Governments in the United Kingdom, Australia and New Zealand, have agreed that, in accordance with the principles and procedure established in connection with the British Commonwealth Occupation Force in Japan, responsibility for non-operational control and the general administration of the United Kingdom, Australian and New Zealand army and air forces which have been or may be made available to the United Nations for operation in Korea should rest with the Australian Defence machinery together with the accredited representatives

in Australia of the United Kingdom Chiefs of Staff and the New Zealand Chiefs of Staff.

2. This directive which defines your responsibilities as Commander in Chief, British Commonwealth Occupation Force, in relation to such forces, is issued to you by the Australian Government in accordance with the assignment of responsibility referred to in Paragraph 1 above.

3. This directive is additional to, and where it conflicts with it, supersedes your existing directive as Commander in Chief, British Commonwealth Occupation Force dated 21st April, 1949.

Appointment

4. You are appointed the representative of the Australian Chiefs of Staff to the Commander in Chief of U.N. forces operating in Korea in respect of non-operational control and general administration of the forces set out in paragraph 1 above.

Command and Control

5. (a) The operational control of the forces referred to in paragraph 1 above, will be exercised by U.N. Unified Command.

(b) non-operational control and administration of the forces referred to in paragraph 1 above will be your responsibility as Commander in Chief British Commonwealth Occupation Force.

6. In relation to non-operational control and administration of the Commonwealth forces concerned policy directions to you will be ? imbued ? from the Australian Chiefs of Staff Committee.

7. You will be the representative of and responsible to each Commonwealth Service Headquarters concerned for administrative matters which concern them alone and you will communicate direct with them in relation thereto. This does not prejudice the right of Commanders of national components to communicate direct with their own Governments in accordance with the directives they have received from them.

Base Organization

8. To maintain the British Commonwealth Forces in Korea a British Commonwealth advanced base is to be established in Korea with an element in Japan. This base is to be stocked from the main base in Singapore ?for? existing British Commonwealth Occupation Force Base in Japan and other British Commonwealth sources as may be decided from time to time.

9. The existing British Commonwealth Occupation Force Base in Japan will be responsible for maintaining such elements of the advanced base as may be located in Japan in all respects except for ordnance equipment and stores.

Safeguarding Interests of British Commonwealth Forces

10. As the representative in Japan of the Australian and New Zealand Chiefs of Staff and the United Kingdom Service Departments concerned you are to interest yourself in the operational tasks allotted to the United Kingdom, Australian and New Zealand forces and for this purpose you are to maintain close contact with the

Commander of the British Commonwealth Force in the field. If the Commander of the British Commonwealth force in the field in Korea makes representation to you in regard to the operational employment of his force you are to represent the case to the Commander in Chief of the U.N. Forces in Korea and report to the Australian Chiefs of Staff Committee.

Financial Responsibilities

11. Your financial responsibilities in relation to the employment of the British Commonwealth Force in Korea will be communicated to you at a later date.

Reports

12. You will be responsible to the Australian and New Zealand Chiefs of Staff Committees for

(a) the despatch of authoritative periodical reports on the battle situation with such comments as you deem necessary.

(b) the despatch of periodical appreciations of the general situation as seen by the Commander in Chief U.N. Forces in Korea.

(c) keeping them informed of future plans including expected reinforcements and the forecast dates of their deployment in the theatre.

(d) the despatch of information concerning the tactics and technical equipment employed by the enemy. You should also report on Allied tactics and weapons effectiveness.

13. You will be responsible for providing the Commander in Chief U.N. Forces in Korea with any detailed information he may require concerning British Commonwealth Forces placed at his disposal." Ends.

93. PCO

Extrait du procès-verbal du Comité du Cabinet sur la défense

Extract from Minutes of Cabinet Defence Committee

TOP SECRET [Ottawa], December 1, 1950

. . .

II. STATUS OF CANADIAN ARMY FORCES IN KOREA

34. *The Under-Secretary of State for External Affairs* said that the Canadian military authorities had made tentative arrangements to have the 2nd Battalion, Princess Patricia's Canadian Light Infantry, brigaded with the British 29th Brigade in Korea and to have them maintained through this brigade. It was understood that these arrangements would be satisfactory to the unified command. Draft instructions to General Robertson were submitted, providing him, as the Commander-in-Chief, British Commonwealth Occupation Force in Japan, with responsibility for non-operational control and the general administration of the Canadian Armed Forces.

An explanatory memorandum was circulated.

(Memorandum, Secretary of State for External Affairs, Nov. 30, 1950 — Cab. Doc. D263)†

Mr. Heeney said that with certain minor modifications, these instructions provided for similar arrangements to those in force for the United Kingdom, Australian and New Zealand forces in Korea.

35. *The Chief of the General Staff* said that when the question of maintaining the Canadian battalion came up, it had been discussed with the War Office and it had been suggested that General Robertson, who had excellent facilities at his disposal, be given responsibility for base administration. The U.N. Command would of course have full jurisdiction regarding the operational role of the force. As there were not now, and would not be for some time, enough troops to form a Commonwealth Division, the question of nomenclature did not arise at present.

Brigadier Fleury, Canadian Military Liaison Officer in Tokyo, had recently had satisfactory discussions concerning the arrangements for the administration of the Canadian Armed Force with General Robertson, and it appeared that the only change of substance in the directive needed to meet the Canadian position was to have General Robertson deal with the Canadian Military Liaison Officer in Tokyo rather than the Canadian Chiefs of Staff.

36. *The Committee*, after further discussion:

(a) agreed that the 2nd Battalion, Princess Patricia's Canadian Light Infantry, be maintained from the British Commonwealth Occupation Force in Japan;

(b) approved the draft instructions to General Robertson, Commander-in-Chief, British Commonwealth Occupation Force in Japan, as submitted;

(c) agreed that the Unified Command and the U.K. Government be notified of the above arrangements.

. . .

94. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], December 8, 1950

. . .

EMPLOYMENT OF 2ND BATTALION, PRINCESS PATRICIA'S CANADIAN LIGHT INFANTRY

1. *The Minister of National Defence* reported that the 2nd Battalion, Princess Patricia's Canadian Light Infantry, was due to arrive in Japan within a matter of hours. The intention was that they should proceed from there to Korea to be stationed at an airfield not at present in use about fifteen miles from Pusan. The military situation in Korea was still very grave, but it now appeared that an orderly retreat would be possible and it was thought that a bridgehead would be established at Inchon. It was difficult to assess what the future would hold or even what the

present intentions of the Unified Command were. However, it appeared that there would be an attempt to hold as strong a line as possible in order to protect possible evacuation.

The use that the advance party already in Korea and the 2nd Battalion, P.P.C.L.I. might be put to would of course depend on how the military situation developed. At present it seemed that one possibility would be to provide a guard for North Korean prisoners in the Pusan area. However, it was possible that a situation might develop which would cause them to actively engage in operations. Forty-two percent of the force were veterans and their present state of training compared favourably with that of many of the troops of other nations already in Korea. They would land equipped with their hand weapons and the remainder of their weapons would follow on another ship in a number of days. The instructions of the Canadian Commander, which had been communicated to General MacArthur, made it clear that he was not to engage in operations except in self-defence until satisfied that the battalion was battleworthy and its training completed.

Brigadier Fleury, the Canadian Military Representative at Tokyo who was fully aware of the desirability of keeping Canadian troops out of action until battleworthy, planned to board the ship at Yokahama and accompany the battalion to Korea.

It was for consideration whether it would be desirable to communicate with the U.S. authorities more formally, the Canadian government's concern that Canadian troops be not employed in active operations in Korea until fully battleworthy. It was felt that, with the U.N. troops pressed and fighting for their lives, to adopt such a course might cause understandable resentment.

2. *The Minister of Justice* pointed out that, except in the event of a disaster, there was the smallest likelihood that the battalion would be employed in operations until it was equipped with its full scale of weapons and adequately trained. If a crisis did occur, then Canadians would have no alternative but to defend themselves against the enemy.

3. *The Minister of Agriculture* thought that it would be very difficult to proscribe to the U.N. Military Command the conditions which could govern the employment of Canadian troops in Korea.

4. *Mr. Claxton* said that, if the situation permitted the 2nd Battalion to complete its training, a decision had to be made then concerning the force they would be associated with in operations. The United Kingdom had originally intended to withdraw the 27th Brigade from Korea and return it to Hong Kong as soon as possible but the information now was that the Brigade would be left in Korea until the situation became more stabilized. This would mean that the 27th and 29th Brigades together with other Commonwealth troops could form a division of a reasonable size which it had been suggested should be called the 1st (Commonwealth) Division, United Nations Forces. The question arose as to whether the Canadian battalion should be included in such a division.

5. *The Prime Minister* suggested that the Canadian position should be that the government would be prepared to approve such a course if the Unified Command considered that Canadian troops could be most effectively used in conjunction with

other Commonwealth units. It seemed reasonable that they should fight beside those equipped with the same type of weapons as they were.

6. *The Cabinet*, after further discussion, agreed:

(a) that no further communication be made to the U.S. authorities concerning the disposition of Canadian troops bound for Korea; and,

(b) that, if the Unified Command considered it desirable, the Canadian Armed Force in Korea participate, for the purpose of operations, with other Commonwealth troops in a formation to be known as the 1st (Commonwealth) Division, United Nations Forces.

. . .

95. DEA/50069-B-40

Le sous-secrétaire d'État aux Affaires extérieures au haut-commissaire du Royaume-Uni

Under-Secretary of State for External Affairs to High Commissioner of United Kingdom

TOP SECRET Ottawa, December 8, 1950

Dear Sir Alexander [Clutterbuck],

I refer to the enquiries you raised with me on November 19 concerning the plans for the Canadian Army force in Korea.

I wish to confirm the understanding of the War Office that only one combat unit, the 2nd Battalion, Princess Patricia's Canadian Light Infantry, is at present under orders to proceed to Korea and that the Canadian authorities wish to have this unit linked with other land forces from Commonwealth countries. I wish also to confirm in principle the agreement reached between the Canadian military authorities and the War Office that the 2nd PPCLI should be brigaded with the 29th Brigade and maintained under arrangements for the maintenance of the Brigade.

Detailed arrangements for the maintenance of the Battalion are at present under discussion between the Commander-in-Chief, British Commonwealth Occupation Force, and the Canadian Military Liaison Officer in Japan. These discussions relate only to non-operational control and administration. It will be satisfactory to the Canadian authorities to have these arrangements confirmed at Service levels.

It will be appreciated that operational control of the 2nd Battalion PPCLI remains the responsibility of the Unified Command. At the same time, it is understood that the Unified Command is in complete agreement with the proposal to brigade the 2nd Battalion PPCLI with the 29th British Brigade. A copy of our instructions to the Commanding Officer, 2nd Battalion PPCLI, has been sent to the Unified Command. In these instructions it is stated:

"In the event that operations are in progress when you arrive in Korea you are not to engage in such operations, except in self-defence, until you have completed the training of your command and are satisfied that your unit is fit for operations."

With regard to the proposed title for a Division of ground forces from Commonwealth countries, should a division ultimately be formed, the proposed title "First (Commonwealth) Division, United Nations Forces", would be acceptable to the Canadian Government.

You were kind enough to give me a copy of the draft directive to General Robertson, Commander in Chief, British Commonwealth Occupation Force in Japan, and to ask whether any changes would be necessary if Canadian forces were to be associated with the land forces from other Commonwealth countries. It is suggested that certain changes of a minor nature will be required in the directive.

In the first place the directive includes in its scope Army and Air Forces. Canada has contributed No. 426 Squadron, RCAF, to the United Nations Forces, but this squadron is serving under the operational control of the United States Military Air Transport Service, administrative control of the squadron remaining with the RCAF. For this reason, it would be impracticable, in so far as Canada is concerned, to include air forces under the same non-operational control and administrative arrangements as army forces.

In the second place, the directive states that the responsibility for non-operational control and general administration rests with the Australian Defence machinery, together with the accredited representatives in Australia of the United Kingdom and New Zealand Chiefs of Staff. Since the Canadian Chiefs of Staff have no representative in Australia, it is suggested that the instructions should be modified to provide that responsibility in so far as Canada is concerned rests with the Commander-in-Chief, British Commonwealth Occupation Force, together with the Canadian Military Liaison Officer in Japan.

The following changes in the draft instructions are, therefore, proposed:

Paragraph 1, 1st line: after "His Majesty's Governments in the United Kingdom" insert "Canada".

Same paragraph, 7th line: After "New Zealand Army and Air Forces" insert "and Canadian Army Forces".

Same paragraph: delete last part of paragraph beginning "in Australia of the United Kingdom Chiefs . . . " and insert instead "of the Chiefs of Staff of the participating Commonwealth countries. The Canadian Military Liaison Officer in Tokyo has been designated as the accredited representative of the Canadian Chiefs of Staff in so far as non-operational control and general administration of the Canadian Army Forces are concerned."

Paragraph 10, 2nd line: after "and the United Kingdom" insert "and Canadian".

Same paragraph, 5th line: after "New Zealand forces" insert "and Canadian Army Forces".

Paragraph 12, 1st line: before or after "Australian" insert "Canadian".

I enclose a copy of the instructions with the proposed amendments inserted.†

I need scarcely add that Canadian troops are happy with the prospect of serving with their gallant comrades from other Commonwealth countries in the common United Nations cause.

Yours sincerely,
[A.D.P. HEENEY]

96. DEA/50069-B-40

Le haut-commissaire du Royaume-Uni au sous-secrétaire d'État aux Affaires extérieures

High Commissioner of United Kingdom to Under-Secretary of State for External Affairs

TOP SECRET Ottawa, December 27, 1950

Dear Mr. Heeney,

I have now received, for communication to the Canadian Government, the views of the United Kingdom Government on your letter of 8th December regarding the plans for the Canadian Army Force in Korea.

The United Kingdom Government warmly welcome the decision of the Canadian Government to associate their army force in Korea with the forces now serving there from other Commonwealth countries.

As regards the Directive to General Robertson, they are in full agreement with the amendments proposed by the Canadian authorities. The United Kingdom Chiefs of Staff have, however, pointed out that in order to define clearly the location of the accredited representatives of both the United Kingdom and New Zealand Chiefs of Staff, an additional sentence will now be required at the end of paragraph 1 of the directive. They propose, therefore, that there should be inserted after the words "should rest with the Australian defence machinery" the following passage:

"together with the accredited representatives of the Chiefs of Staff of all the participating Commonwealth countries. The accredited representatives of the United Kingdom and New Zealand Chiefs of Staff are located in Australia. The Canadian Military Liaison Officer at Tokyo has been designated as the accredited representative of the Canadian Chiefs of Staff in so far as non-operational control and general administration of the Canadian Army Force are concerned."

I assume that this further amendment will meet with the approval of the Canadian Government.

In so far as the title of the Commonwealth land forces in Korea is concerned, I have been asked to add that it is not at present intended that a division of Commonwealth land forces should be formed. Consequently, there is no need for the moment to put the proposed title into effect. The other Commonwealth Governments concerned have, however, been informed of the suggested title in the event of a division being formed later, and their approval of it is being sought.

For the present it is the view of the United Kingdom Government that in the circumstances described above, no public announcement about the association of all the Commonwealth forces in Korea is called for. The United Kingdom Government would, however, be happy at a suitable time to consider, in conjunction with the Canadian and the other Commonwealth Governments concerned, the precise terms of an announcement if developments should make one desirable.

Yours sincerely,

ALEC CLUTTERBUCK

4e PARTIE/PART 4

COMMISSION DES NATIONS UNIES POUR L'UNIFICATION ET LE RELÈVEMENT DE LA CORÉE
UN COMMISSION FOR UNIFICATION AND REHABILITATION OF KOREA (UNCURK)

97. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire en Inde

Secretary of State for External Affairs to High Commissioner in India

TELEGRAM 5 Ottawa, August 22, 1950

Repeat Pakistan No. 5; London No. 5; Washington No. 2; Permdel No. 2.
Following is an extract from a speech delivered by the Honourable L.B. Pearson before the Canadian Club, Victoria, on August 21, Begins:[51]

"I think it would be useful if the United Nations were to establish a small commission to work out with representatives of the Republic of Korea, plans for a government of a free and united Korea, once the fighting has ceased in that unhappy land. I am afraid that more will be required in present circumstances than a return to the *status quo*. To determine what more should be required is, I think, primarily the responsibility and, indeed, the privilege of Asian members of the United Nations. For that purpose, if a commission of the kind I have suggested were formed, I think it would be wise to have the majority of the commission from Asia. We get, these days, a lot of good advice from Asian leaders on the handling of Asian problems. This would be a good occasion to offer them responsibility for translating this advice into action." Ends.

[51] Pour le texte complet, voir :/For complete text, see:/L.B. Pearson, "Canada and the Far East", speech to the Canadian Club, Victoria, British Columbia, August 21, 1950, Canada, Department of External Affairs, *Statements and Speeches*, 1950, No. 31.

98. DEA/50069-A-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 618 New York, August 31, 1950

SECRET

Repeat Washington No. 123.
Reference your telegram No. 437 of August 22nd.†

Copies of extract from your statement have been given to United Kingdom, United States, Pakistan, Indian, Australian and New Zealand delegation. In writing Sir Benegal Rau, I said that I would be glad to receive any comment he might care to make, and he sent me a message immediately that he would be glad to see me. When I called this morning, he said that he had felt it essential that long term aims of the United Nations in Korea should be defined, and he added that he thought such a course of action might have considerable effect on the North Koreans. The problem is to get a committee or commission which would be acceptable to the United States and which would not be vetoed by the U.S.S.R. He had suggested the six non-permanent members of the Council as a logical group and added that choice of this committee would also have avoided question of Chinese representation.

2. The United States and United Kingdom delegations had told him that they thought proposals should await a more favourable military situation in Korea and had indicated that in the meantime, if a resolution were put and came to a vote, they would abstain. The French, Yugoslav, Ecuadorian, Egyptian members of Council were favourable, although Chauvel[52] subsequently suggested delay. Cuban had no instructions. Malik had made it clear he did not like the proposed committee, but had not indicated whether he would exercise the veto. Rau said that it was because of these circumstances that he had not pressed his proposal.

3. I said that when Assembly met, consideration might be given to forming an Assembly commission on this subject, and that your proposal might then be considered. Rau thought the idea was an admirable one, and his only misgiving was about the position of China. He seemed to think that it would be embarrassing to set up a commission to make long term proposals for Korea without including China unless there were some obvious reason, such as his formula for a Security Council committee, for omitting the Chinese representative. He realized, of course, that in present circumstances it would be impossible to include a Chinese representative of any kind.

[52] Jean Michel Henri Chauvel, délégué permanent de la France auprès des Nations Unies.
Jean Michel Henri Chauvel, Permanent Delegate of France to United Nations.

4. When the conversation became general, Rau said that the Indian Government had, up to the present at least, had considerable influence with the new Government in China, and they had been urging the Chinese Communists to avoid provocative action of any kind in relation either to Korea or Formosa. He thought this advice had had some effect, but it would be increasingly difficult to restrain the Chinese. They were inclined to suspect that the United States had long term designs on Formosa, and the present public debate on this subject in this country did little to quiet their fears. He thought, however, that if the Chinese Communists could be reasonably sure that they would within a reasonable time get Formosa without challenging the United States, they would certainly hold their hand.

99. DEA/50069-A-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 637 New York, September 7, 1950

SECRET

Following for Reid, Begins: As you requested, we have tried our hand at a draft resolution proposing the establishment of a new Commission on Korea, in line with the suggestion contained in the Minister's statement in Victoria. The text of the draft is given in my immediately following teletype.

2. You will notice that in this draft I have used your simplified form of resolution, suppressing all WHEREASES and other irrelevant words. Other delegations are, however, so used to the existing form that it is sometimes difficult to get them to realize that a document that does not follow the usual pattern is intended to be a resolution.

3. No attempt has been made in this draft resolution to resolve the relationship between the existing United Nations temporary Commission on Korea and the new Commission which it is proposed to set up. I am not quite sure what you have in mind in this regard. Four of the States which are nominated in the draft for membership in the new Commission are already members of the old one, and there is also some overlapping in terms of reference. I presume, therefore, that we would have to clear this point up at an early stage in the drafting.

4. The wording of paragraphs 2 and 3 of the resolution itself (as distinct from the preamble) is purposely general and somewhat vague. I think Rau feels that if it were possible to give some assurance to the people of North Korea that, when the Communists have been dispossessed, the territory would not be immediately and without reservation turned over to Syngman Rhee and his colleagues, there might be greater possibility of a new regime being accepted in the North. In wording this paragraph, therefore, I have had it in mind that the proposed Commission might conceivably recommend that some group of authorities in the North who would

take over from the defeated Communists would then negotiate with Syngman Rhee for the establishment of a united Korea on some new basis. Ends.

100. DEA/50069-A-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 638 New York, September 7, 1950

SECRET

Following for Reid, Begins: With reference to my immediately preceding teletype, the following is text of draft resolution for the purpose of establishing a United Nations Commission for a Korean settlement. Text begins:

PREAMBLE

1. The General Assembly, in its resolutions of 14th November 1947, 12th December 1948, and 21st October 1949, expressed its desire that Korea should be united and independent under institutions of Government freely chosen by the Korean people.

2. The General Assembly has, accordingly, maintained in Korea since January 1948, a United Nations Commission for the purpose of facilitating and expediting the establishment by the Korean people of a Government of their own choosing.

3. The work of this Commission was impeded by the refusal of the authorities in North Korea to cooperate with the Commission or to admit it to the territory under their control.

4. The Commission, nevertheless, observed the establishment by free elections, in that part of Korea which it was permitted to enter, of a National Assembly and of a Government chosen by that Assembly. The General Assembly, on 12th December, 1948, declared that this Government (the Government of the Republic of Korea) was based on elections which were a valid expression of the free will of the electorate of that part of Korea which the Commission was able to observe.

5. The United Nations Commission on Korea has reported that on 25th June, 1950, the territory under the control of the Government of the Republic of Korea was invaded by armed forces organized north of the thirty-eighth parallel in Korea.

6. The Security Council of the United Nations, in a resolution of 25th June, 1950, called upon the authorities in North Korea to cease hostilities forthwith and to withdraw their armed forces to the thirty-eighth parallel. When this resolution was disregarded by the authorities in North Korea, the Security Council, on 27th June, 1950, recommended that the members of the United Nations furnish such assistance to the Republic of Korea as might be necessary to repel the armed attack and to restore international peace and security in the area.

7. The establishment of a free and united Korea has been delayed and complicated by this act of armed aggression against the Government of the Republic of Korea by the authorities in North Korea.

The General Assembly therefore resolves:

(1) To establish a Commission composed of representatives of Australia, India, the Philippines, Sweden, and Turkey, to be known as the United Nations Commission for a Korean settlement.

(2) To instruct the United Nations Commission for a Korean settlement to report to the General Assembly on the methods which are best suited for the establishment of a free and independent Government for a united Korea which shall correspond with the freely expressed wishes of the Korean people, and also on the methods by which the General Assembly and other organs of the United Nations may assist the Korean people in achieving these objects.

(3) To instruct the United Nations Commission for a Korean settlement to recommend to the Assembly such temporary measures as it considers necessary for the maintenance of peace and order throughout Korea until such responsibility can be accepted by the independent Government of a united Korea.

(4) To authorize the United Nations Commission for a Korean settlement to establish its own rules of procedure, and to consult whatever individuals and authorities it may regards as appropriate. Text ends. Ends.

101. DEA/50069-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 23 New York, September 25, 1950

SECRET. IMPORTANT.

1. My immediately following teletype contains text of draft resolution on Korea handed us today by United Kingdom delegation. We understand from Rusk of State Department, who called here this afternoon, that the United States delegation, though not intending to sponsor this resolution, regard it helpful and would be prepared to support it. During his call, Rusk said that military resistance of North Korean Communists seemed to be collapsing very quickly and that political decisions about post-war situation in Korea might have to be taken sooner than anyone had originally expected.

2. Since United Kingdom Government wish to have a number of sponsors to this resolution, we may be asked to sponsor it. We should be grateful, therefore, for your views at earliest possible date.

102. DEA/50069-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 24 New York, September 25, 1950

SECRET. IMPORTANT.

Following is draft resolution on Korea prepared by United Kingdom Government and handed to us today. Text Begins:

The General Assembly

HAVING REGARD to its resolutions of 14th November 1947 of 12th December 1948 and of 21st October 1949;

HAVING taken note of the report of the United Nations Commission on Korea;

MINDFUL of the fact that the objectives set forth in the resolutions referred to have not been fully accomplished and in particular that the unification of Korea has not yet been achieved, and that an attempt has been made by an armed attack from North Korea to extinguish by force the Government of the Republic of Korea;

RECALLING its declaration of 12th December 1948 that there has been established a lawful Government (the Government of the Republic of Korea) having effective control and jurisdiction over that part of Korea where the United Nations Temporary Commission on Korea was able to observe and consult and in which the great majority of the people of Korea reside; that this Government is based on elections which were a valid expression of free will of the electorate of that part of Korea and which were observed by the Temporary Commission; and that this is the only such Government in Korea;

HAVING IN MIND that United Nations armed forces are at present operating in Korea in accordance with the recommendations of the Security Council of 27th June 1950, subsequent to its resolution of 25th June 1950, that members of the United Nations furnish such assistance to the Republic of Korea as may be necessary to repel the armed attack and to restore international peace and security in the area;

RECALLING that the essential objective of the resolutions of the General Assembly referred to was the establishment of a unified, independent and democratic Government of Korea;

RECOMMENDS (a) That all necessary steps be taken to ensure conditions of enduring peace throughout the whole of Korea;

(b) That elections be held and other constituent acts be taken under the auspices of the United Nations to complete the establishment of a unified, independent, and democratic Government of all Korea,

(c) That any United Nations forces entering North Korea do not remain otherwise than so far as necessary for achieving the objectives specified at (a) and (b) above;

RESOLVES THAT

(a) A Commission consisting of _____ to be known as the United Nations Unification and Recovery Commission in Korea be established to (I) assume the functions hitherto exercised by the present United Nations Commission in Korea; (II) Represent the United Nations in bringing about the establishment of a unified, independent and democratic Government of all Korea; (III) Organize and supervise United Nations activities directed toward the rehabilitation and recovery of Korea, consulting as may be appropriate in all these tasks with the Government of the Republic of Korea; the United Nations Unification and Recovery Commission should proceed to Korea and begin to carry out its functions as soon as possible;

(b) Pending the arrival of the United Nations Unification and Recovery Commission in Korea, Governments represented on the Commission should form an Interim Committee composed of their Permanent Representatives at the seat of the United Nations to consult with and advise the United Nations Unified Command in the light of the above recommendations.

The General Assembly Furthermore,

MINDFUL of the fact that at the end of the present hostilities the task of rehabilitating the Korean economy will be of great magnitude;

RECOMMENDS that the United Nations Unification and Recovery Commission in Korea should consult with the Economic and Social Council in preparing a programme of economic and technical assistance. Text ends.

103. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 28 Ottawa, September 26, 1950

SECRET. MOST IMMEDIATE.

Repeat Washington EX-1140.

KOREAN SETTLEMENT

Following from Reid, Begins: The present course of military operations in Korea makes an early statement of United Nations objectives in Korea important for the following reasons:

(a) General MacArthur may soon close his trap on a substantial number of the North Korean forces that were investing the Pusan beachhead and it may then be

militarily urgent to call for the surrender of these forces, not unconditionally, but on certain terms.

(b) Now that the United Nations forces have gone over from the defensive to the offensive, a call for a cease fire on terms that the United Nations forces could soon impose anyway would demonstrate to the Koreans and world opinion the compassionate concern of the United Nations to avoid any more bloodshed and material destruction than necessary. The Prime Minister as you know attaches great importance to this.

(c) The question of crossing the 38th parallel may arise in a military context soon and it would be desirable to have some United Nations decision on this question in advance of this contingency.

2. Present United Nations objectives in Korea are of two types: immediate and long run.

(a) *Immediate Objectives*

(i) Cessation of hostilities and withdrawal of North Korean armed forces to the 38th parallel (Security Council Resolution of June 25).

(ii) Restoration of international peace and security in the Korean area (Security Council Resolution of June 27).

(b) *Long Run Objectives*

Achievement of Korean independence and unity by the procedures outlined in the General Assembly resolutions of 14 November, 1947, 12 December, 1948 and 21 October, 1949.

3. The immediate objectives of the United Nations in Korea, as defined in the Security Council resolutions of June 25 and June 27, must be accomplished if the purpose of the United Nations in intervening to suppress the North Korean aggression is to be realized.

(a) It must be made clear that overt aggression will not be tolerated. The exemplary speed with which the United States reacted, and the beating that the North Korean forces are now getting will probably have demonstrated that small wars of aggression around the periphery of the Soviet Union do not pay.

(b) The restoration of international peace and security in the Korean area will probably be largely accomplished by the defeat of the North Koreans. So many North Koreans have been killed, so many captured and so much equipment destroyed that North Koreans are not likely to attack again soon regardless of how hard they may be pushed from behind. So far as the restoration of international peace and security in the Far East is concerned, this cannot be expected to grow from a military victory by United Nations in Korea. That victory will certainly create a new attitude of respect on the part of the Soviet Union and Communist China. However, the foundation of permanent peace is still lacking and must be sought in other areas as well as in Korea.

4. There would be certain dangers in proposing that the United Nations obligate itself at this time to achieve its long run objectives in Korea by military means.

(a) It is doubtful if such a proposal would get the broad support which has been given to the June 25 and June 27 Security Council resolutions.

(b) The Soviet Union might consider itself compelled for prestige and strategic reasons to re-occupy North Korea and could justify such intervention on legal grounds in the absence of a Japanese peace treaty determining the status of Korea.

(c) The Chinese Communists might feel compelled to intervene because of the fraternal association of Korean and Chinese Communist leaders at Yenan for nearly ten years and in repayment for assistance given them by Korean forces in Manchuria.

(d) Operations in North Korea would place United Nations forces face to face with the Russians and Chinese Communists on the North Korean borders and create another area in which military incidents could occur.

(e) If the Russians re-occupy North Korea and the United Nations was committed to crossing the 38th parallel and occupying North Korea, the Western powers would be placed in the position where they would either have to launch a general war against the Russians in North Korea, when in fact their strategic interests in a general war would be to evacuate their forces from the peninsula as quickly as possible, or else admit their unwillingness to carry out a General Assembly resolution in the face of Soviet opposition.

5. There would also be obvious disadvantages if the United Nations forces stopped at the 38th parallel, particularly if the North Koreans maintained a belligerent attitude.

(a) Many Koreans hope that one good result of this struggle will be the unification of Korea.

(b) The Government of the Republic of Korea is anxious to push forward and unify the peninsula by military means and there will be difficulty restraining them and the public opinion they control.

(c) Redivision of the country at the 38th parallel would re-create all the old military, political and economic problems that plagued the Republic of Korea, and might make many Americans feel that their losses in Korea had been in vain.

(d) The Soviet Union would probably intervene quietly in North Korea to maintain the Communists in power and suppress any groups wishing to join the South in a unified democratic government.

6. On the basis of the discussion above and the reports which you have sent us, we make the following suggestions:

(a) The need for a definition of United Nations objectives in Korea has now become so urgent that it would not be practical to follow the more leisurely procedure of establishing a predominantly Asian sub-committee of the political committee to draft a report and resolution for the political committee.

(b) Instead, an effort should be made to have the General Assembly pass a resolution as quickly as possible restating its short-run and long-run objectives for Korea as defined in paragraph 2 above, plus a statement of United Nations assistance in relief and reconstruction.

(i) Such a resolution would leave it open to the United Nations to take military action north of the 38th parallel if the North Koreans refused to sign an agreement pledging cessation of hostilities.

(ii) Adoption of a fairly flexible position at this stage would leave the United Nations without a commitment if the Russians or Chinese entered North Korea and would leave the way open for informal discussions with the Russians and Chinese communists concerning a settlement. These discussions might be begun in New York with Mr. Vishinsky.

(iii) The possibility that North Korean prisoners would be held for employment in South Korea on reconstruction projects for a time at least might have an influence on North Korean attitudes.

(iv) The United Nations would offer relief and reconstruction assistance to North Korea if it accepted the procedures of the earlier United Nations General Assembly Resolutions for the unification of Korea. Such an offer would probably have a strong appeal to North Koreans as they can hardly expect extensive Soviet assistance for this purpose. Ends.

104. DEA/50069-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 32 New York, September 27, 1950

SECRET. MOST IMMEDIATE.

Following for Reid, Begins: Your teletype No. 28. Your comments on the Korean settlement contained in your telegram under reference are very helpful. The situation here is moving fast as a result of victories in Korea and the danger that military events may outrun political decisions becomes more pressing. In these circumstances, I feel that my statement in plenary session, which I shall make this afternoon, should include a passage on Korea dealing with some of the policy questions arising out of the military victories, and, to some extent, foreshadowing the kind of action contemplated in the United Kingdom resolution sent to you in my telegram No. 24 of September 25th. My immediately following telegram† contains the text of the relevant passage in my speech, although this is still subject to change.[53]

2. Meanwhile, I should welcome your comments on the United Kingdom resolution, particularly on (a) the formula contained in recommendation (c) regarding United Nations forces crossing the 38th parallel and (b) the arrangements contemplated for the relationship of the proposed United Nations unification and recovery commission to the task of rehabilitation in Korea. This part of the resolution dealing with rehabilitation and recovery arrangements may not have been very fully thought out and may require amendment. Ends.

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[53] Pour des extraits intégraux du discours, voir Canada, Ministère des Affaires extérieures, *Documents sur la crise coréenne*, Ottawa, Imprimeur du Roi, 1951, pp. 2-3.
For excerpts from the speech as delivered, see Canada, Department of External Affairs, *Documents on the Korean Crisis*, Ottawa: King's Printer, 1951, pp. 2-3.

105. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 35 Ottawa, September 28, 1950

TOP SECRET. MOST IMMEDIATE.

Repeat Washington EX-1756.

KOREA

Following from Reid, Begins: Your teletype No. 32 of September 27.

I discussed with Norman Robertson and Menzies yesterday afternoon the dangers implicit in the assumption that the objectives of United Nations military action in Korea should now be changed from repelling aggression to achieving the unification of Korea. We consider that the broad military and strategic implications and risks of this proposed change in objectives should be weighed very carefully by the Governments that will have to assume the burden of military responsibility. The United Nations and the Western powers have achieved a signal military success in Korea on a narrow margin. Should United Nations forces now cross the 38th parallel and undertake to occupy North Korea they face at best the prospect of maintaining large occupation forces on the Chinese and Soviet borders, and there would be a good deal of pressure to have our Special Force included in these occupation forces. Moreover occupation of North Korea would involve a continuing risk of a clash with the Russians in North Korea which even if it were localized might well result in a setback that would undo the prestige won by our victory in South Korea. Of course if a general war broke out, I assume that United Nations forces would be evacuated from Korea. Have you had an opportunity to discuss this military aspect of the problem with Acheson or Bevin personally?

2. We think that the natural desire of most Koreans to see their country united should be weighed against the continued necessity for the Western powers to exercise prudence in circumstances that might lead to an armed clash with the Soviet Union. We consider that such a circumstance would arise in connection with the proposal to go beyond the terms of the Security Council Resolutions of June 25 and June 27 by crossing the 38th parallel to secure the unification of Korea by military means.

3. We think that a clear distinction should be made between fulfilment of the Security Council Resolutions and fulfilment of the General Assembly resolutions. It is essential to the prestige of the United Nations that the objectives of the Security Council resolutions should be fulfilled. The United Nations has not, however, considered during the past three years that its long-run objectives for the unification of Korea as set out in the General Assembly resolutions required [them] to be

imposed by military force. It sought to achieve these objectives by peaceful means only. We think that this distinction could and should be maintained now.

4. I am sending in my immediately following telegram† a hastily prepared rough redraft of the United Kingdom draft resolution on Korea contained in your teletype No. 24 of September 24. Essentially this limits the United Nations to fulfilment of the Security Council resolutions. The reference to the restoration of international peace and security in the Korea area would permit the United Nations Commander to order punitive action against North Korea if the latter continued aggressive action against South Korea. Provided they desisted from aggressive action — and perhaps gave an undertaking to that effect — the North Koreans would be free to choose to stew in their own bombed-out misery or accept United Nations relief and reconstruction assistance if they comply with the procedures laid down by the General Assembly for the unification of Korea.

5. The preamble of our redraft is identical with the preamble of the U.K. draft.

6. I do not think that discussion of this draft resolution with United States and United Kingdom delegations would be inconsistent with the principles for a Korean settlement which you enunciated in your speech yesterday. Ends.

106. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], October 4, 1950

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UNITED NATIONS ASSEMBLY; RECENT DEVELOPMENTS IN KOREA

1. *The Prime Minister* reported that the First (Political) Committee of the U.N. General Assembly had now before it two proposals for settlement of the Korean situation. One of these proposals was sponsored by the United Kingdom and seven other delegations, the other by the Soviet and its satellite delegations. The Eight-Power proposal was supported by the United States and the Canadian delegations. The U.S.S.R. proposal, if implemented, would leave the South Koreans at the mercy of their Northern neighbours.

The Canadian delegation had from the very outset felt it important that the Asian powers, and in particular India, should take a responsible part in any settlement. The previous day, however, the Indian delegation had indicated that they could not support the Eight-Power resolution on the ground that it contemplated, or at least permitted, the penetration of U.N. forces beyond the 38th parallel and that this might in itself involve the risk of intervention by Communist China and Soviet Russia.

It had been hoped that India would not only support the resolution but would also serve on the commission to be set up thereunder. The United States and the United Kingdom were giving serious consideration to the commission's composition in the absence of India. It was expected that Australia or New Zealand, Chile, Pakistan, the Philippines, Turkey and The Netherlands would serve. This would make six of the seven-member commission contemplated.

The U.S. Secretary of State had personally urged that Canada accept membership on the commission. This appeal had been resisted by Mr. Pearson on the ground that the Canadian attitude had consistently been that Asian powers should assume a major responsibility and should constitute a majority on the commission. If it were possible to amend the Eight-Power resolution in a manner which would enlist Indian support, Canada might then consider nomination.

The British and Americans seemed convinced that, if the United Nations did not authorize General MacArthur to proceed beyond the 38th parallel, action taken so far by the United Nations might prove to have been futile. U.K. and U.S. delegations apparently did not consider too seriously the possibility that Communist China and Soviet Russia might intervene directly.

(Memorandum, Under-Secretary of State for External Affairs to Prime Minister, Oct. 4, 1950)†

2. *Mr. St-Laurent* added that the Eight-Power proposal required either the destruction or the unconditional surrender of North Korean forces. If the proposal could be modified to require something less of the North Koreans than unconditional surrender, Indian support might be enlisted.

It was suggested that Mr. Pearson be asked to ascertain whether it would not be possible to modify the Eight-Power proposal so as to require North Koreans to cease all military activity at once in order that the Seven-Power commission might begin work immediately. It would obviously be necessary for U.N. forces to remain in a position to enforce the U.N. cease-fire order. A proposal modified in this manner might well be supported by the Indian delegation and they would also likely approve any military action taken by U.N. forces beyond the 38th parallel to ensure that the U.N. orders were obeyed by the North Korean army.

3. *The Cabinet*, after further discussion, noted with approval the Prime Minister's suggestion and agreed that Mr. Pearson ascertain whether, in order to enlist Indian support, the Eight-Power proposal respecting settlement of the Korean incident could be modified in a manner to require something less than unconditional surrender of the North Korean forces.

. . .

107. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 67 Ottawa, October 4, 1950

SECRET. MOST IMMEDIATE.

Repeat Washington EX-1636; London No. 1488.

KOREA

Following from Heeney, Begins: I reported to the Prime Minister on the status of the Korean debate as we discussed it on the telephone this morning. I told him that

you had spoken in support of the Eight-Power Resolution and against the Soviet Resolution. I also reported that Mr. Acheson had made a personal appeal to you to agree to Canadian membership on the new Korean Commission as a means of resisting domestic pressure for the United States to seek membership itself. The Prime Minister agreed that you should continue to resist the nomination of Canada for membership on the Commission in view of the position we have taken concerning the importance of India playing a leading part in the settlement and also the desirability of having Asian representatives in the majority in the Commission.

2. The Prime Minister wondered whether it would be possible, either by delaying passage of the Eight-Power Resolution or in its interpretation by the Unified Command, to go some distance toward meeting the Indian position and so preserve the united front to which we attach so much importance. Even if India's active cooperation is unobtainable, it might be possible at least to reduce public criticism of actions by the United Nations Forces and the new Commission by Indian leaders.

3. The Prime Minister wondered whether some formula might be devised for application of the Eight-Power Resolution which would make it clear that military forces would only be employed in the North when it had become apparent that a fully satisfactory solution could not be obtained without further fighting by United Nations Forces.

4. A possible formula would be to have the President of the General Assembly in conveying the Eight-Power Resolution to the United States Government for the Unified Command state it to be the sense of the Assembly discussions that before military measures are taken north of the 38th parallel, every effort should be made to obtain acquiescence of the North Koreans in the fulfilment of the Resolution. It might be expected then that General MacArthur would broadcast a further message to the North Koreans calling upon them to cooperate in the fulfilment of the General Assembly Resolution, whose military application had been entrusted to him. He would announce that United Nations forces would enter North Korea after "X" days to oversee the demobilization of the North Korean armed forces and to guarantee security during the conduct of elections. United Nations relief and rehabilitation assistance would be given in North and South Korean without distinction. As soon as the purposes of the General Assembly Resolution had been fulfilled, United Nations Forces would be withdrawn from Korea.

5. If you think that this idea offers any hope of obtaining Indian cooperation you will no doubt wish to consult the United Kingdom and United States delegations before speaking to the Indians. In any conversation with Sir Benegal Rau you might wish to point out that you understand it to be the considered view of the responsible military authorities that the roots of aggression in North Korea must be chopped out if the objective of the Security Council Resolution of June 27 to restore peace and security in the Korean area is to be accomplished. India supported this Resolution. You might say that naturally every effort will be made to accomplish the objectives of the Eight-Power Resolution peacefully but that this will require the movement of United Nations forces north of the 38th parallel to take over military equipment and installations and to see to the demobilization of

the North Korean armed forces. You might point out that public statements criticizing the United Nations Commander for taking measures deemed necessary to fulfil the Security Council Resolution of June 27 may encourage the Soviet Union or the Chinese Communists to intervene in North Korea. Sir Benegal Rau will realize that it is not in India's interest or anybody else's to say anything that would increase the likelihood of Chinese or Soviet intervention and bring on the possibility of a general war which would have most unfortunate effects for us all. (Your information in New York is that the risk of such an intervention is not great; on the other hand, a United Kingdom appreciation received here today indicates that a real danger exists of Chinese intervention to save a buffer state in North Korea).

6. Even if you don't think it appropriate to talk with Sir Benegal along the lines suggested, you might wish to consider suggesting to some of the delegations that further mention be made of the desire of all United Nations members to see the terms of the resolution fulfilled without further loss of life and property destruction and that the fulfilment of this resolution will not constitute any threat to Korea's neighbours. Ends.

108. DEA/50069-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 62 New York, October 5, 1950

SECRET. MOST IMMEDIATE.

Following for Heeney, Begins: Your telegram No. 67 of October 4th.

1. Immediately following receipt of your telegram under reference, I tried to arrange an interview with Acheson, and prepared a memorandum along the lines of the suggestions contained in your telegram. Unfortunately I found that Acheson had arranged to leave for Washington at an early hour this morning, and both Rusk and Jessup are with him in Washington. I therefore telephoned Wrong and asked him to see Acheson at once and to consult him about the possibility of introducing a resolution along the lines of the suggestion contained in my draft memorandum. Text of the draft memorandum is given in my immediately following teletype. Ends.

109. DEA/50069-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 63 New York, October 5, 1950

SECRET. MOST IMMEDIATE.

Repeat Washington No. 9.
Following for Heeney, Begins: Reference my immediately preceding telegram. Following is text of draft memorandum. Text begins:

(1) My Government is not entirely persuaded that it has been conclusively demonstrated at this stage that it is impossible to obtain the submission of the North Korean forces by diplomatic means. Capitulation by the North Koreans would, of course, obviate further sacrifices of life by United Nations forces and further sufferings to the local population. It would also avoid such massive destruction by warfare in North Korea as would greatly extend United Nations tasks of reconstruction and rehabilitation. On the other hand, a clear and unmistakable demonstration that the North Koreans would not cooperate in a peaceful settlement in conformity with a resolution of the General Assembly of the United Nations would weaken the propaganda position of the U.S.S.R., might help to reassure the authorities in Peking concerning the United Nations intentions and might also weaken the position of the Communist rulers of North Korea with their own public.

(2) We are of course deeply gratified with the large majority which was secured in support of the joint resolution on Korea in the First Committee yesterday. I cannot help regretting, however, that this resolution failed to carry the judgment of a few states which have often in the past supported us and which are not without influence in Asia, and that it was impossible also to give satisfaction to the desire expressed by certain states for a final effort to secure the submission of the North Koreans to United Nations decisions. I am thinking particularly of India, which could greatly strengthen our position by its support. My own view is that the Indian Government is troubled by fears that our action may seem unnecessarily provocative, or that it may force the Chinese Communists into commitments in Korea from which they could not easily withdraw.

(3) These considerations have also been in the minds of the members of my Government, and I have now received instructions from Mr. St. Laurent to discuss them with you. He has suggested that I canvass with you and other delegations the possibility that, immediately following the passage by the General Assembly of the political committee's resolution, a further resolution be introduced and carried in the following sense —

(a) That the General Assembly should request the President to convey the Assembly's resolution on Korea to the authorities in Pyong-Yong and to request their immediate cooperation in carrying out its terms.

(b) That in any communications he has with authorities in Pyong-Yong, the President should be guided by the principle that the terms of the resolution as adopted by the Assembly must be put into effect.

(c) That pending a report by the President within forty-eight hours from the adoption of this resolution, the resolution should be sent to the Unified Command for transmission to the United Nations Commander in Chief in Korea for his guidance. Text ends. Ends.

110. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2398 Washington, October 5, 1950

TOP SECRET. IMMEDIATE.

Addressed Candel New York No. 7.

KOREAN RESOLUTION

Following for Pearson from Wrong, Begins: Confirming our telephone conversation at 1 p.m., following my talks this morning with you and Riddell, I saw Acheson briefly at 12:30. Before seeing him, I had a lengthy discussion with Rusk and Jessup, both of whom and also Matthews were present when I was with Acheson.

2. I put your proposal before all of them, along the lines of our talk, and I also emphasized the Prime Minister's concern on the grounds set forth in Heeney's telegram to you No. 67 of October 4th. I concentrated on three arguments for further action being taken before United Nations forces (other than the South Koreans in the East) advanced into North Korean territory.

3. My first argument was that the adoption tomorrow of the main Assembly resolution would create a new position which in effect merged from the Assembly resolutions dealing with the unification of Korea adopted in 1947, 1948, and 1949 with the Security Council resolutions of June 25th and 27th, 1950, under which alone military action to repel the North Korean attack had been taken. This created a new constitutional position which the North Korean authorities (and presumably their masters) should have a chance to consider before United Nations troops moved into their territory, even if the prospect was thought very remote that they might agree to accept a peaceful settlement in the form approved by the Assembly. Secondly, I said that we thought it of great importance to make another effort to maintain a united front, especially by seeking to bring India more into line, adding that whatever might be thought of the soundness of Panikkar's judgment, we must at least recognize that it was accepted by Nehru and Bajpai. I showed them Chipman's telegram No. 217 of October 4th† reporting his last discussion with Bajpai. Thirdly, I urged that the Assembly resolution should, if possible, be brought to the

notice of the North Korean authorities through some channel other than General MacArthur both to emphasize its great importance and to separate it from the military operations.

4. Strong objection was taken by Acheson, and previously by Rusk and Jessup, to any action which would either interfere with the conduct of military operations or provide an opportunity for bargaining and delay. If, for example, as suggested in your proposal, the President of the Assembly were instructed not to transmit the main resolution to the Unified Command for 48 hours, during which it would be presented to the North Korean authorities and their co-operation sought in its execution, almost certainly the occasion would be employed either to secure a further delay on the plausible ground that they could not reply so quickly or to present some counter-proposal. Such a reaction from Pyong-Yang might be put in terms which would win support from the Indian and other delegations. Meanwhile, the build-up of forces which was in progress in North Korea would be continuing and the probable outcome would be heavier fighting and more casualties later on. Furthermore, the United Nations forces were being re-grouped, so that the imposition of any time limit during which they could not cross the parallel might well involve the command in intricate arrangements delaying movements already in progress. It was unlikely, in any event, that an advance in strength across the parallel would be started for some days because of the re-grouping of forces and because of the continued serious fighting north of Seoul.

5. Acheson did not react favourably to the idea of a secondary Assembly resolution, even if it set no time limit for the acceptance of the main resolution by North Korea. He thought that efforts might be made to amend it on the floor, and he doubted, in any event, whether the President of the Assembly could effectively convey the terms of the resolution to Pyong-Yang by means other than through the Unified Command. (Jessup seemed more favourably inclined to a resolution embodying points A and B of the proposal cited in your telegram to Ottawa No. 63 of today.)

6. We then discussed how to ensure most effectively that the contents of the Assembly resolution was made known in North Korea. Acheson was inclined to think that it should be forwarded to General MacArthur as soon as it was received from the Assembly, with instructions to him to broadcast it immediately and repeatedly and to distribute copies by air over Pyong-Yang and other North Korean cities. MacArthur could be told to centre around it a further and final appeal to the North Koreans to lay down their arms, emphasizing the contents of the resolution and the fact of its adoption by so great a majority of the Assembly. It was considered impracticable to propose that the resolution under a suitable message from the Commander should be delivered to the North Koreans under a flag of truce, as this would open opportunities for bargaining.

7. This discussion has at least had the effect of turning the minds of Acheson and his principal advisers to the problem of how to give the North Koreans a last chance before the occupation of their territory begins. The reluctance to fall in with your suggestions centres around military considerations, and especially the evidence of substantial forces moving southwards in North Korea from the Manchu-

rian border. In an earlier telegram, which I am now repeating to Ottawa, I have given you some information on the military situation. Acheson is, I think, anxious to meet your views as far as he can consistent with military considerations. He had hoped to see you in New York late yesterday, but has been unable to get in touch with you. Ends.

111. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2400 Washington, October 5, 1950

TOP SECRET

My WA-2398 of October 5th.
There follows the text of a message I addressed to Mr. Pearson in New York this morning, after giving him on the telephone the gist of my discussion with Mr. Acheson. Text Begins:
Top Secret. CANDEL No. 6. October 5th.
Following for Pearson from Wrong, Begins: I was unable for security reasons to give you in our telephone conversation a summary of the information on the military situation in Korea given me by Rusk this morning.

2. First, the North Koreans are still resisting bitterly North of Seoul and it will probably take a considerable effort to drive them beyond the 38th Parallel.

3. Secondly, a substantial regrouping of United Nations forces is in progress, involving the relief of the corps in the Seoul area by a corps moving up from the south. Until this is completed a major advance by forces (other than the South Koreans in the east) is unlikely. Patrols might possibly cross the parallel fairly soon, but a general advance across it is unlikely for some days.

4. Thirdly, they have no doubt that reinforcements and materiel are moving into North Korea from Manchuria. Rusk cited reports of several columns moving south by various routes, one including twenty-two tanks. While this goes on, of course, air activity over North Korean territory must be continued as otherwise military operations would be hampered.

5. Fourthly, the interposition of a time limit of any sort before the parallel could be crossed might involve the Command in serious difficulties because of the nature of troop movements under way, as well as because of the possibility of a plausible plea for its extension.

6. Incidentally, I gathered that the British brigade is to be moved north of Seoul very shortly. Text ends.

112. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2402 Washington, October 5, 1950

TOP SECRET

Addressed Candel New York No. 8.

KOREAN RESOLUTION

Following for Pearson from Wrong, Begins: Rusk has just telephoned to me to enquire whether I had anything to pass on to him from you in the light of my discussions at the State Department this morning. I told him of your continued anxiety that some special means should be adopted to give the North Koreans a fair chance of accepting the Assembly resolution and that this should probably involve at least an attempt to transmit the resolution to Pyong-Yong in the name of the President rather than via General MacArthur. I asked him whether it would cause them any difficulty if Entezam were to state on the passage of the resolution that he proposed himself to do his best to bring it immediately to the notice of the North Korean authorities. Rusk said not only that he considered that this would be no embarrassment to them but that it might be helpful if you were to make such a proposal (without moving a formal resolution) during the debate in plenary session tomorrow. I think that this should go some way towards attaining the purposes behind our original proposal. Ends.

113. DEA/50069-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies
au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly,
to Secretary of State for External Affairs

TELEGRAM 64 New York, October 5, 1950

CONFIDENTIAL. IMPORTANT.

My telegram No. 55 dated October 4th†. Korea.

The first Committee approved last night the eight-Powers resolution on Korea by a vote of 47 to 5 with 7 abstentions. The negative votes were those of the Soviet block and those countries abstaining were Egypt, India, Lebanon, Saudi-Arabia, Syria, Yemen and Yugoslavia. The text of the resolution as adopted is contained in

my immediately following message.†[54] Part C of the recommendations was proposed by Israel, Part C of the resolutive section was proposed by Mexico; the three final paragraphs are amendments proposed by Chile, Brazil and the United Kingdom, respectively. The five-Power resolution was defeated by a vote of 46 to 5 with 8 abstentions, including that of India. The vote of both resolutions was taken paragraph by paragraph.

2. Prior to voting on these two resolutions the Committee defeated an Indian resolution which was strongly supported by Israel, calling for the formation of a Sub-Committee of seven members (three of which would be Asian) to be designated by the Chairman of the First Committee, to consider all resolutions, proposals and suggestions relating to the settlement in Korea. This Sub-Committee was to have submitted a resolution which would have commanded the "largest measure of agreement" to the Committee by October 6th; that is to say, within twenty-four hours. The reasons advanced by those opposed to this resolution were that the Sub-Committee's efforts might only result in a re-opening of the debate with no prospect of a genuine compromise when time was of the essence. It was felt that there was little hope of any reconciliation between diametrically opposed views, and even premises on which the two resolutions had been based. As Mr. Austin put it, the differences between the five-nation and the eight-nation proposals were not in "mere words"; there were differences in the basic approaches and ideas. On the other hand, those nations which supported the Indian resolution advanced the argument which may be summarized in the words of the Israeli delegate that "before the die has been cast, a last attempt to achieve genuine understanding (should) be made ... whatever its actual outcome, the effort will never be regretted." It is interesting to note that in the vote which was taken, in addition to the Commonwealth, the Arab and Latin American blocs were split. This resolution was supported by the Soviet bloc. The actual vote was 24 in favour, 32 against (including Canada) with three abstentions.

3. We were rather reluctant not to vote for the Indian resolution, but felt that, because of the time factor and the very slight chance of any resulting compromise, we had no alternative, particularly as at no stage had the Indians produced any compromise of their own.

4. It is expected that a further debate will take place in the plenary session scheduled for Friday. India, who abstained on both resolutions, has reserved its position and will almost certainly make a further statement. Its attitude on that occasion will be of some importance, for its efforts to steer a middle course between East and West have been shown to command a good deal of support. However, it is, nevertheless, expected that the joint resolution will attain the necessary two-thirds vote.

5. As you already know, Australia, Chile, the Netherlands, Pakistan, the Philippines and Turkey have agreed to serve on the new Commission. The seventh member will be elected in the Plenary session on Friday. During the course of the

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[54] La résolution a été adoptée par l'Assemblée générale le 7 octobre 1950. Pour le texte, voir *Documents sur la crise coréenne*, pp. 5-7.
The resolution was adopted by the General Assembly on October 7, 1950. For the text, see *Documents on the Korean Crisis*, pp. 5-6.

debate in the Committee, we approached the Indians to inquire whether they would be willing to stand for membership on the Commission if nominated. We are informed today that the question has been referred to Mr. Nehru.

6. One or two comments might be added at this point in the discussion of the item. While the attitude of the U.S.S.R. could not be labelled conciliatory, Mr. Vishinsky has been less violent in his language than on previous occasions. This may perhaps be partly due to his poor state of health; he appears to have aged considerably since the last Assembly. However, the same note may be found on both sides, and this can perhaps be attributed to a realization of the seriousness of a highly inflammable situation. The strength of this realization goes a long way, I think, to explaining the support given the Indian resolution; indeed, it has been openly voiced by several of the middle and smaller Powers, who, like ourselves, have cautioned against "exacerbating" the situation.

114. DEA/50069-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 92 New York, October 9, 1950

TOP SECRET

Repeat Washington No. 10.

I am sending you by despatch some observations on the discussions and developments leading up to the passing on Saturday last[55] of the eight-Power resolution on Korea, but I feel I should explain to you at once by telegram why the Presidential statement referred to in our telegram No. 84† was not given on Saturday. The explanation is illuminating and somewhat depressing as evidence of the difficulties in the way of establishing close and cooperative relations with the United States delegation in matters of this kind.

2. As you know, we felt here that the Prime Minister's idea that a last effort should be made to persuade the North Korean forces to cease fighting before the resolution authorizing United Nations troops to cross the 38th Parallel was implemented was a wise and practical one. Our first idea was to submit a resolution to this end, but we naturally wished to discuss this procedure with the United States authorities before taking any action. As Acheson, Jessup and Rusk had left New York Thursday night, I asked Mr. Wrong to take up with them at once in Washington the possibility that immediately following the passage by the General Assembly of the Korean resolution, a further resolution should be introduced in the following sense:

[55] Le 7 octobre 1950/October 7, 1950.

"(a) That the General Assembly should request the President, in person if possible and appropriate, to present the Assembly's resolution to the Government of the Republic of Korea in Seoul and the authorities in Pyong Yang and to request personally their cooperation in carrying out the terms of the resolution.

"(b) That in any discussions he carries on with authorities in either Seoul or Pyong Yang the President should be guided by the principle that the terms of the resolution as carried by the Assembly must be put into effect.

"(c) That pending a report by the President, this resolution should be sent to the Unified Command in Korea for its guidance."

3. If the American reaction to this proposal had been a favourable one, we would have discussed it then with the United Kingdom, the Indian, and possibly other delegations. The reaction in Washington, however, was most unfavourable. It was thought there that a resolution of this kind would interfere with the military timetable established by General MacArthur, and give the U.S.S.R. an opportunity to spin out proceedings here with resulting confusion and uncertainty.

4. Our alternative suggestion that without a resolution we should make a proposal, after the voting had been taken, that the President should issue a formal appeal to the North Korean forces to lay down their arms and to cooperate in carrying out the Assembly's recommendation got a more favourable response. Therefore, we drafted a statement to this effect, the text of which is in my telegram No. 96 to Ottawa† and No. 11 to Washington†.

5. We then discussed this statement with the President of the Assembly and the Secretary General. Both expressed their gratification at the Canadian initiative, as, indeed, did Senator Austin, to whom the text had also been referred and who expressed his approval of it. Later, however, the President decided that it would be better if we did not ourselves intervene in the debate, but left it to him, as soon as the vote was taken, to state to the Assembly that he would bring the resolution to the attention of the North Korean authorities with an appeal for their cooperation in carrying it out, and calling on them to lay down their arms. He showed me a draft of this statement which, while adequate, was not very emphatic or convincing. I suggested to him, therefore, that it might be strengthened in one or two particulars. He agreed. I had also asked General Romulo to talk to him, as I thought that the advice and encouragement of a past-President of the Assembly might be useful. General Romulo was very keen that the President should issue some such statement in as strong terms as possible, because of the effect that it would have on Asian opinion. Unfortunately, Romulo, though he was helpful to us in this sense, informed the press of what was developing with the result that there was premature publicity here. This enabled the Russians to learn of what was in the wind and to approach the President and complain that if he made any such statement they would object to it. Also, on Saturday morning, Senator Austin, on instructions as we were told from the highest American quarters, and notwithstanding his previous attitude, argued most strongly with the President that no statement of any kind should be made.

6. The President informed me before the Assembly met on Saturday of this somewhat bewildering development and asked to be released from that arrangement he

had made with us by which, in return for our withdrawal from the Speakers' list, he would make the statement on his own initiative. I had no alternative but to agree to this. It was then too late to get on the Speakers' list again and make the suggestion on my own, even if it had been desirable to do so. I told the President it was disappointing that he had changed his mind, but he replied that he had no alternative in view of American pressure. He also informed me that Senator Austin had instructions to see me and explain the whole situation.

7. Meanwhile, I had already discussed the matter with Younger of the United Kingdom delegation, who was in agreement with the procedure which I outlined to him. I had also, of course, informed you that some such statement would be issued, and, in addition, the Canadian Press had got wind of it. In the circumstances it was, therefore, embarrassing and irritating to have this whole carefully arranged programme frustrated by United States last minute interference. The Secretary General, with whom we got in touch Saturday morning, was as disappointed and annoyed by these developments as we were.

8. Shortly before the Korean resolution was passed, a member of the United States delegation (John Ross) came to see me on the floor of the Assembly and added to my surprise and annoyance by saying that he understood that I wished to see Senator Austin about something connected with the Korean resolution. I told him that I did not wish to see Senator Austin about anything, but I understood that he wished to see me in an attempt to explain why the United States had withdrawn from the arrangements previously agreed on. I told Ross that it was now too late to do anything in any event, and that we were surprised and disturbed by the whole business.

9. Saturday afternoon I telephoned Mr. Wrong and told him of developments. He was as surprised as I was and agreed to let those concerned in Washington know how we felt about the matter.

10. The whole episode is a disheartening one, both as an indication of the confusion and division in United States Counsels at the Assembly, and, more important, of their impatience with any line of policy than that which seems to be dictated by General MacArthur and the immediate military situation in Korea. What I find most worrying is the inability of certain people in Washington to realize that it is not enough to occupy North Korea; that it is more important to remove, if possible, the impression in Asian minds, especially in Indian minds, that the policies and designs of the United States in this whole Korean question are not above suspicion. Apparently in Washington they feel that it is more important not to interfere with the military timetable than to make every possible move to bring fighting to an end in a way which would command the approval of Asian members of the United Nations.

11. I feel that we will have to keep this weakness, as I construe it, of the United States Government in mind in our consideration of the problem of Canadian association with the relief and rehabilitation work in Korea (Acheson said they would like us to supply the Director of this work), and of making available Canadian forces for police duties in Korea. If everything in Korea is to be determined by the United States military authorities, and if the Korean Commission, which is now not

likely to be a strong one in any event, becomes a tool of those authorities, then the less responsibility we have for subsequent developments in Korea, the better.

115. DEA/50069-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État par intérim aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Acting Secretary of State for External Affairs

DESPATCH 53 New York, October 9, 1950

TOP SECRET

THE EIGHT-POWER RESOLUTION ON KOREA

I am submitting herewith certain background information concerning the eight-power resolution on Korea which was adopted by the Assembly on Saturday last.

2. Although this resolution has now been adopted with substantially more than the required two-thirds majority, and continues the process of strengthening the position of the United Nations as an organization which can take effective and speedy action when required, the very haste of the operation, and the way circumstances required it to be conducted, contributed to certain disappointing and perhaps disturbing developments in the course of the debate. Early and decisive action was of paramount importance if the United Nations were to provide both sanction and guidance in dealing with the military, political and economic problems which now must be faced. But it was of almost equal importance that division of opinion, especially among the Asian states, as to the justification for the Assembly's recommendation should be reduced to a minimum. In this respect the inability to bring India along with the majority, or to meet her position, cannot be regarded as anything less than an important set-back. Also, some of the states which voted for the resolution retained doubts about the wisdom of certain parts of it.

3. The failure to secure more enthusiastic approval resulted partly from the attitude adopted by the Indian delegation itself. As outlined by Sir Benegal Rau in the First Committee, the Indian attitude, while somewhat vague, did provide the basis for an alternative approach to the problem. This alternative approach was indeed similar to our own thinking, providing for a clear statement of objectives coupled with the provision of an opportunity for the North Koreans to indicate willingness to comply with these objectives before military operations (presumably other than those called for by the requirements of the immediate tactical situation) were carried beyond the 38th parallel. This would, Sir Benegal indicated, have taken away the stigma which India associates with the implication in the existing resolution that unification of Korea should be achieved by force of arms; and arms directed, in practice, by General MacArthur.

4. Unfortunately, India made no effort to translate this approach into concrete terms and offered the Committee only the proposal that a sub-committee be formed to hammer out a compromise between the original draft resolution and the counter-

resolution offered by the Soviet bloc, which was, of course, completely unacceptable. Attention was therefore diverted from the substantive issues, where Indian initiative might have resulted in some form of compromise, to the formal attempt to go through the motions of reconciling the irreconcilable. Following its current tendency to try to bridge the gap between the Stalinist and non-Stalinist worlds, (at least at international meetings) India failed to make any real contribution which might have brought the majority position closer to her own, thereby giving rise to the suspicion that New Delhi is perhaps more concerned with the appearances of compromise than with finding an acceptable solution to the Korean problem. Perhaps the Indians realize that any solution in Korea can only make the best of a bad job, and therefore they do not wish to soil their hands unnecessarily at this stage in the proceedings. The upshot of all this was that on the sub-committee proposal, India succeeded merely in splitting the ranks of the supporters of the eight-power resolution, and in giving the Soviet some much needed propaganda ammunition.

5. Although this Indian proposal appeared to offer an opportunity to do something to achieve Indian support for Assembly action, we reluctantly came to the conclusion that the opportunity was much more apparent than real, and that an honest appraisal of the probable results could not justify the excuse which would have been granted for delay and for further confusion of the issues involved. The way in which the Soviet delegation grasped at this Indian straw also aroused doubts in our minds.

6. Meanwhile, neither the United Kingdom nor the United States seemed to be making any obvious efforts to find a common ground which would permit Indian support. At least this was the case at Lake Success. It would be interesting to know if any action was being taken in New Delhi. Possibly our High Commissioner could enlighten us on this. I attempted, myself, to sound out the Indian delegation regarding the possibility that they might, eventually, be willing to serve on the proposed United Nations Commission. This would have been important, and I think that they should have realized its importance as a means of convincing the world that the Commission in question was a genuine United Nations one — and not a sub-committee of the Unified Command. Although the results of our approaches along this line here were completely inconclusive, there seemed for a time more hope that supplementary action by the Assembly or its President along the lines suggested in your telegram No. 67 of October 4, to clarify the position and give the North Koreans a chance to avoid further conflict by acceptance of the terms of the resolution, would have some effect. If so, it might have gone some distance to meet the kind of objection which India had raised.

7. Subsequent developments in this matter, however, were discouraging. They are outlined in some detail in our telegram No. 92 (No. 10 to Washington), and it is not necessary for me to repeat them in this despatch.

L.B. PEARSON

116. DEA/50069-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 102 New York, October 10, 1950

TOP SECRET

Repeat Washington No. 13.
Reference my telegram No. 92 of October 9th No. 10 to Washington.

Mr. Acheson phoned me yesterday morning from Washington to express personally his very great regret at the mix-up which occurred Saturday, and to assure me that he knew nothing about the change of plans which took place. He asked me to accept his word that there was nothing deliberate in the change, but it was the result of an unfortunate mix-up. He himself had thought that everything had been arranged and that the President would make the statement in question which he, Mr. Acheson, felt might do some good and of which he approved. It appears, however, that someone else in Washington heard of this development and without consulting the State Department managed to get instructions to Austin to persuade the President to forego the statement. We shall probably never find out exactly who was responsible for the mix-up, but I am satisfied that Acheson and the senior officers in the State Department were not, and that they were genuinely apologetic and embarrassed by the whole incident. I told Acheson that so far as I was concerned, the matter was ended and I, of course, accepted without reservation his own good faith and regrets. My own feeling now is that the intervention by the unknown American source was inspired by the desire to prevent anybody minimizing the effect of General MacArthur's pronouncement to the North Koreans, which has been given great publicity here. It was also due no doubt to Entezam's anxiety not to tangle with the Russians on the issue of whether he had or had not the right to make such a statement.

5e PARTIE/PART 5
AIDE À LA CORÉE
KOREAN RELIEF

117. DEA/5475-DS-12-40

Note de la Direction des Nations Unies pour la réunion des chefs de direction

Memorandum by United Nations Division for Meeting of Heads of Divisions

CONFIDENTIAL [Ottawa], October 16, 1950

EMERGENCY SESSION OF THE ECONOMIC AND SOCIAL COUNCIL AT LAKE SUCCESS

As a result of the Eight Power Resolution[56] on the problem of the independence of Korea, adopted by the General Assembly on October 7, 1950, the Economic and Social Council was called into emergency session on October 12 to develop plans for the relief and rehabilitation of Korea upon the termination of hostilities.

2. On October 11, 1950, the Canadian delegation to ECOSOC, headed by Mr. John Dickey, M.P., was authorized by Cabinet to participate in the planning of a programme for the relief of the civilian population of Korea and the rebuilding of the Korean economy. The Canadian delegation was also authorized "to agree to any financial arrangements outside the regular U.N. budget which would seem to ensure: (a) an adequate level of total contributions, (b) the widest possible sharing of costs, (c) full employment of local resources, (d) a reasonable Canadian share of the total budget, (e) an opportunity for contributions in kind."

3. The opening meeting of the ECOSOC session was at once faced with a resolution introduced by the Soviet Union proposing the ousting of the Chinese Nationalist delegation. This resolution was defeated by a vote of 11 to 7. Canada voted against the Soviet resolution on the grounds that the question of Chinese representation in all United Nations bodies is to be studied by a committee established by the General Assembly.[57] It is noteworthy that the United Kingdom voted in favour of the Soviet resolution.

4. The Council is at present considering a set of three draft resolutions introduced by the Australian delegation, concerning the organization to be established to provide relief and rehabilitation for Korea. Some points in these resolutions display features with which some delegations, including the Canadian, are not in agreement. These points of difference revolve around the questions of obtaining a reliable estimate of Korea's needs, the relationship between the Administrator of the programme and the Unification Commission, and the method for financing the pro-

[56] Voir le document 113./See Document 113.
[57] Voir le document 255./See Document 255.

gramme. It is expected that within a few days agreement will be reached between a number of delegations sufficient to produce a plan which can be agreed to by all.

118. DEA/5475-DS-12-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 224 New York, October 24, 1950

CONFIDENTIAL. IMPORTANT.

RE KOREAN AID

We have now received Dr. Davidson's comments on the draft resolution on Korean aid prepared by the Secretariat. These observations, though extremely useful and consistent with our own views here, are now largely out-dated by the new proposals submitted by the Australian and United States delegations.

2. In briefest terms, the Australian resolution provides for carrying out of relief and rehabilitation by an administrator under the direct control of the Unification Commission. The United States resolution envisages a separate agency under an all-powerful administrator appointed by the Secretary-General and only indirectly required to co-ordinate his activities with those of the Unification Commission. Both resolutions provide for an Advisory Committee of contributing member States.

3. As reported in recent teletypes, we have been active in behind-the-scenes negotiations attempting to reconcile or find suitable compromise between these two points of view. In the absence of explicit instructions from you, our position has been based on the following general principles:

(a) Suitable interim arrangements must be made for maintaining the flow of emergency relief to the Korean people over the arduous winter ahead. In practice, this will probably mean continuation for provision of relief and emergency reconstruction through the Unified Command and E.C.A. pending establishment of more permanent machinery.

(b) Support for the establishment of a special war damage and reconstruction agency to assume responsibilities for longer-term United Nations assistance in Korea. The agency's programme must, however, be realistic and directed toward meeting priority needs. Though necessarily limited to relief and rehabilitation, its main purpose must be to help the economy reach a position as quickly as possible where the natural pattern of Korean development can be resumed under control of the domestic authorities.

(c) The new agency should be under an Administrator with the widest possible measure of administrative independence consistent with the correlation of his activities with those of the Unification Commission, the Unified Command and the

Korean civil authorities. This is essential to ensure a dynamic and efficient reconstruction effort un-impeded by extraneous political considerations yet responsive to desirable politico-economic influences. In practice, this means a position between the Australian and United States proposals but it recognizes the fact that, if the United States is to provide the lion's share of the funds, the final plan must as far as possible be based on principles which will be acceptable and appeal to Congress.

(d) We have been pressing for a financial arrangement outside the regular United Nations budget which would conform with the financial criteria set forth in paragraph 6 of your memorandum to Cabinet of October 11th, 1950.† At the moment, a plan is being considered under which United States would declare its willingness to accept between sixty and seventy percent of the total cost. Other States would be requested to participate in a universal scale for sharing the balance. United Nations Committee on contributions will probably be asked to recommend an initial scale. Basic assumption in this approach is that member States will find it more difficult to declare themselves out than to ignore a voluntary appeal. In my immediately following teletype,† I am providing advance confidential text of a United States draft to be introduced when the question of financing is under consideration by the Fifth Committee later.

4. Would appreciate your agreement that the above principles are generally acceptable or an indication of areas in which you feel they might be modified or improved.

119. DEA/5475-DS-12-40

Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Delegation to United Nations General Assembly

TELEGRAM 171 Ottawa, October 25, 1950

CONFIDENTIAL

Your Teletypes No. 224 and 225,† October 24 — Korean Aid.

We are consulting Davidson and Bryce and will let you have our comments shortly.

Meanwhile we would appreciate further clarification of Para 3(a) of your teletype No. 224. As you know, we are in a peculiarly awkward position in regard to the various requests forwarded from the Secretary-General for immediate relief supplies because there is no appropriation from which funds can be diverted to pay for such supplies. For that reason we were somewhat concerned at the emphasis placed by the Canadian Representative in his statement on immediate provision of emergency relief. You are undoubtedly keeping this difficulty in mind but we are not sure from your interpretation of "suitable interim arrangements", whether the system of direct appeals from the Secretary-General to individual governments for specific commodities, will continue.

We should also be grateful for any information which is now available to you with respect to the estimated cost of the programme, both for immediate emergency relief and the longer-term requirements of relief and rehabilitation.

120. DEA/5475-DS-12-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 231 New York, October 26, 1950

CONFIDENTIAL. IMPORTANT.

RE KOREAN AID

Yesterday, the Economic and Social Council continued discussion of "general policy on Korean relief and rehabilitation".

2. A number of paragraphs were approved after discussion which is summarized succinctly on page 3 of this morning's issue of the *New York Times.*

3. Only one paragraph requires special comment. In substitution for an earlier Soviet proposal the United States had submitted a redraft providing that "in determining Korea's needs for relief and rehabilitation, in drawing up programmes and plans, and in implementing such programmes and plans" the agency created to administer the programme should "consult and utilize the services of the Korean authorities *as far as practicable*". When the U.S.S.R. representative objected to the *qualifying phrase* Dr. Lubin of United States quickly amended the phrase to "to the greatest extent feasible". This text was finally adopted by a vote of 15-1-2 with Australia voting against and Canada abstaining.

4. The Australian negative vote and the Canadian abstention were based on our concern that although it might be quite "feasible" for the agency to utilize the services of the Korean authorities, it might not always be "practical" to do so. It was our belief, as well as Australia's, that the Korean relief agency should have some power to decide the circumstances and conditions under which it would be desirable to utilize the services of these authorities. We did not think that "mere feasibility" is a satisfactory test of administrative and operational desirability. After the meeting, Dr. Walker of Australia[58] indicated that he felt strongly enough on this point to consider reopening the question later. By our abstention, we would be in a position to support him if the delegation agrees that this is necessary.

5. Yesterday afternoon, Corley Smith of the United Kingdom delegation provided me with advance information on the latest estimates of Korean needs which have been placed before the special Sub-Committee which is now examining this ques-

[58] Dr E. Ronald Walker, représentant de l'Australie au Conseil économique et social des Nations Unies. Dr. E. Ronald Walker, Representative of Australia to the Economic and Social Council of the United Nations.

tion. These figures which were submitted recently by the United States delegation are based on confidential estimates covering North and South Korea received from the Unified Command. The requirements in million of dollars equivalents are as follows:

Homes	21.0
Public works and services	31.0
Crops and food	40.5
Other agriculture	14.5
Railways	32.5
Highways, bridges, flood control and irrigation	16.0
Public utilities	30.0
Harbours and docks	2.5
Coastal shipping and fishing	4.5
Industrial facilities	119.0
Motor vehicles	5.5
Total	317.0

Of this total, $94 million would be spent in 1950, leaving $223 million for 1951. Since speaking to Corley Smith, I have been able to secure fuller figures and the explanatory statement† of the Unified Command. These are being forwarded to you by special delivery airmail.

6. The Secretary-General's representative in Korea (Katzin) has also produced an estimate of $250 million for 1951 and "upward of $500 million for the whole programme". This is confusing because earlier he had informed the United Kingdom delegation that if economic development (as opposed to rehabilitation) is cut out, the whole programme should not cost more than $250 million. These figures are disturbing and many delegations are worried that United Nations "capacity" will not be adequate to cover a programme on this scale. The hope has been expressed that the estimates will prove to have been grossly inflated. However, as far as we can ascertain from the State Department, the present figures are already very much reduced below the original estimates submitted by the Unified Command. It is generally agreed that the information provided to date is highly tentative and subject to critical examination in the light of further facts which may become available.

121. DEA/5475-DS-12-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 239 New York, October 27, 1950

CONFIDENTIAL

RE KOREAN AID

Immediately after the Council convened yesterday morning to discuss the organizational arrangements for Korean aid, the United States and Australian delegations indicated that if they could be given a few more hours it was likely that they

could reconcile their differences and arrive at a common text. Accordingly, the Council adjourned and when it resumed in the afternoon a joint United States-Australian resolution was presented.

2. The joint resolution accepts the United States view that a new agency should be set up under an Agent-General appointed by the General Assembly. Important concessions are made to the Australian view that the activities of the new agency should be correlated closely with those of the Unification Commission. The new formula comes very close to the position which we have been advocating the past two weeks. Subject to minor drafting amendments, we intend to support it strongly. Present indications are that the joint resolution will meet with little opposition in the Council.

3. We have also been carrying on discussions with a number of delegations concerning the financial arrangements that should apply to the new programme. In an earlier teletype† I forwarded a copy of a United States draft resolution submitted recently. It is a compromise between the mandatory and voluntary approaches and is designed, *inter alia*, to force the U.S.S.R. (and other delegations) to state clearly whether they intend to contribute. In view of the scale of cost suggested in my teletype No. 231 of October 26th, there is some danger that many delegations may feel unable to commit themselves to such an arrangement, although the last paragraph of the United States draft does seem to provide a constitutional escape clause if member States find the burden more than they can bear.

4. A possible alternative which we have been discussing with various delegations would be to call upon the Contributions Committee to work out a scale of assessments after the United States has declared the share it is willing to provide. However, after the scale has been established, each member State would be free to decide whether to pay all, part or none of the assessment. The advantage of this arrangement would be that it would bring a certain amount of moral pressure to bear but would leave delegations free to decide the extent to which they would be willing to share in the cost of the Korean operation. So far, the United Kingdom, the United States and the Australian delegations have shown a distinct interest in the new approach, with the Indian and Chilean delegations not unfavourable. We will carry our discussions further and let you know results.

5. In the meantime, an important tactical problem is raised. It is difficult to decide whether it would be better to try out our new ideas on the Council or to wait until financial arrangements are under discussion in the General Assembly before disclosing our intentions. At the moment our inclination is to withhold our ideas for the General Assembly. It is the Assembly which will ultimately decide on these financial arrangements, and it would probably be better to have all sixty member States participate in such an important decision.

6. We have also been discussing with the United States delegation the question of financing the supplies which have already been provided (largely by the United States) through the Unified Command. If these supplies are to be credited against the new programme, the total United States' percentage share would have to be very large if any residue is to be available for future relief and rehabilitation. We have suggested that the United States might make a unilateral declaration of their

willingness to exclude earlier contributions from the plan if other member States meet their contributions quota. In a sense, this would constitute a special inducement to others to provide their share. The United States representatives seem to think that this is the kind of approach which might be attractive to Congress and they are willing to give it serious consideration.

7. In any event, it is fully recognized here that the financial implications of the Korean operation are bound to be very great. Since we are able to indicate that Canada is prepared to provide a fair share of the cost of a sound, reasonable and realistic programme, we are in a strong position to exert an influence on others toward equitable and sound financial arrangements.

122. DEA/5475-DS-12-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 293 New York, November 2, 1950

CONFIDENTIAL. IMPORTANT.

PLANS FOR THE RELIEF AND REHABILITATION OF KOREA

At the plenary session, October 31st, the President of the Economic and Social Council reported that the Council had completed its organizational plans and a statement of general policy for Korean relief and rehabilitation. However, the Council had not yet concluded its work on the financing of the programme and, therefore, requested an extension of the time limit for submission of its report to 10th November.

2. The General Assembly decided to grant this extension and to refer the report when it was submitted to the joint Second and Third Committees. Next week therefore we will be giving consideration to the size and nature of the programme and to the basis for financing it.

3. Yesterday, the Council Committee on Korean relief needs concluded its work with an estimate that $365 million would be needed for relief and rehabilitation in Korea until the end of 1951. Of this, some $115 million would be spent by the end of December, 1950, much of it already having been expended by the United States army for emergency relief. This figure contrasts with the estimate of $600 million submitted by the South Korean Government for needs up to the end of 1951.

4. There is no way of knowing what reception the report will receive in the Council, but we believe it would be realistic to assume that Member States will be called upon to contribute at least $200 million to cover the first period of the operation. Longer term requirements can probably be left until more information has been obtained from on-the-spot investigations which can be reviewed in detail by the Council or the General Assembly at a later session.

5. The reactions of various delegations to these amounts have been interesting.

6. The United States delegation is most anxious to see the programme initiated quickly and on a scale likely to ensure that it will be carried through to a successful conclusion. For them, this has become more than a mere relief operation. Fully aware that the United States is now heavily committed in Korea and extremely sensitive to the criticisms that have been expressed both in and out of Congress, the United States delegation has come to look upon a revived and revitalized Korea as:

(a) The final vindication for a tenuous military and foreign policy decision; (and, therefore, the best possible answer to those who have contended that the United States should never become embroiled in Korea).

(b) An equally valid answer to those who have contended that the United States has been carrying more than its fair share of the load. United States delegation members to whom we have spoken seem to feel that a substantial measure of outside support for the aid programme is absolutely essential to convince Congress and the general public that this is a United Nations effort and not exclusively a United States "show"; and

(c) A demonstration of "good faith" to the Korean people and an incentive to others (who might be in a similar position in the future) to "stand against aggression".

7. Viewed in this context, Korea has become symbolic — in a sense, an essential under-pinning for active and dynamic United States support for joint action through the United Nations.

8. With these basic incentives to spur them on, the United States seems willing to make any reasonable concession in order to obtain a substantial measure of outside support for a realistic and worthwhile programme.

9. As indicated in earlier teletypes, they have indicated a willingness to contribute 66 percent to 70 percent of the cost of any new programme and also to recommend to Congress that the supplies already provided through the Unified Command should not be credited against the United States share of any future programme. This latter, of course, is an extremely important concession in view of the very large quantities of United States supplies that have already been used for emergency relief.

10. Other delegations, while agreeing, in principle, that economic aid should supplement the military efforts in Korea, do not attach the same importance to Korean rehabilitation as does the United States. The French, for instance, with renewed demands for rearmament and heavy commitments in Indo-China, seem anxious to avoid large expenditures in Korea. They have been particularly cautious in private conversations and at every opportunity have indicated their preference for a purely voluntary operation. The United Kingdom, on the other hand, though equally extended in South East Asia and elsewhere, has in the main seemed more sympathetic to the United States point of view. The United Kingdom delegation here seems to recognize that a successful programme in Korea might well provide the pattern and precedent for future United States assistance in troubled areas like Indo-China and Malaya. In the early stages, Corley Smith, who heads the United Kingdom delegation in ECOSOC was most attracted to our suggestions for a finan-

cial scheme with at least some element of compulsion to universal participation. Apparently, however, his views are not fully shared in London. Yesterday he informed me that, at first glance, the United Kingdom Treasury preferred a "voluntary" scheme. We have told Corley that this is not readily understandable in view of the recent experience with the Palestine Relief Agency[59] and have suggested that he might wish to take the matter up again in order to draw attention to the fact that we might again be heading for difficulties of the same kind facing the Palestine Agency. In the meantime, you may consider this matter sufficiently important for a direct exchange of views with the United Kingdom Foreign Office.

11. These new developments have been causing us considerable concern. We had hoped that, if the United States, the United Kingdom, Canada, Australia, and a few others would stand together, most of the small States could ultimately be induced to fall into line. As you know, one of the reasons we had developed the new financial approach was to make it more difficult for the USSR (and some other States) to evade their financial responsibilities without experiencing considerable public embarrassment. Apparently, however, the USSR were too astute for this move and took the opportunity afforded by the debate on the preamble to the resolution to virtually declare themselves out insofar as contributions were concerned. The danger now is that with potential leadership from the United Kingdom and France for those who favour a voluntary scheme, it will be most difficult to obtain majority support for any kind of assessment scheme in the Fifth Committee. This is disappointing as we had hoped to avoid the unfortunate situation now facing Member States in relation to aid for Palestinian refugees.

12. We are still convinced that, if anything worthwhile is to be done for Korea, it must be based on action taken at this Assembly. While pressing for a realistic programme in which the costs are widely and equitably shared, we have been stressing that this is the most propituous time to appeal for contributions. We have felt that most Legislatures would find it easier to request special appropriations for Korea while public enthusiasm and support are highest as a result of the recent military successes. In our opinion, sporadic appeals over the next two or three years are most unlikely to meet with a satisfactory response.

13. Very roughly, our idea of the way in which the burden of any programme should be shared is as follows:

United States — 66 percent to 70 percent
United Kingdom — 8 percent
Rest of Europe (excluding USSR) — 6 percent to 10 percent
Canada — 3 percent to 4 percent
Australia and New Zealand — 3 percent
Latin-America — 4 percent to 5 percent
USSR — 5 percent to 10 percent
Others — 2 percent to 4 percent

14. We realize, of course, that in many cases these figures (especially for Europe and United Kingdom) may be unduly optimistic. As indicated above, the USSR and her satellites are unlikely to make any contribution. However, these are the best

[59] Voir le document 346./See Document 346.

"guesstimates" we can make at the moment and provide a rough guide to our thinking.

15. They may have to be modified to take into account efforts now being made to obtain an additional $50 million for aid for Palestinian refugees through 1952. At the moment, we have no advice from you on this question and are planning to avoid any commitments. However, we are aware that our capacity and willingness to contribute to Korea must be directly affected by requests for other projects of this kind. The Arab States are now insisting that their need is as great as that of the Koreans and that their requirements should be financed on a basis similar to that which is ultimately adopted for Korea.

16. Your views on all these questions would be appreciated before the next stage of the discussion which may commence Monday, November 6th.

123. DEA/5475-DS-12-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 217 Ottawa, November 5, 1950

CONFIDENTIAL. IMPORTANT.

Your teletype No. 293, November 2nd — Korean relief programme.
Following from Holmes, Begins: We have consulted Deutsch who thinks every effort should be made to secure agreement on financing the programme by a compulsory levy or by some system of assessment which will spread the burden as widely and as equitably as possible. You should continue therefore to work towards universal participation or something as near as possible to that objective. We have asked Canada House to explain our views to the Foreign Office.

In regard to the tentative scale contained in your teletype, we can only point out that until Cabinet authorization is obtained, the Delegation could, of course, give no indication of the amount or percentage of the total budget which Canada would be prepared to contribute. For your own information, Deutsch is of the opinion that any figure for Canada higher than that of the regular assessment scale of the UN, i.e. 3.2% is unrealistic.

Presumably ECOSOC will confine its recommendations to the method of financing and any question of a scale of assessment will be turned over to the Fifth Committee. In the meantime we shall have an opportunity to put the question of a contribution up to Cabinet. Ends.

124. DEA/5475-DS-12-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2116 London, November 6, 1950

CONFIDENTIAL. IMMEDIATE.

Your telegram No. 1711 of November 3rd.† Korean relief programme.

1. On basis of your telegram under reference, which was not received here until noon Saturday, Halstead saw Head and Assistant Head of United Nations (Economic and Social) Department of Foreign Office this morning. It was explained that we were strongly in favour of raising funds for Korean relief programme on assessment scale to be determined in Fifth Committee of General Assembly.

2. United Kingdom position as explained to us was in favour of a "voluntary" scheme (on model of expanded programme of technical assistance, not, repeat not, on UNICEF model) to be worked out by special conference of contributing countries to meet during present Assembly session. United Kingdom opposition appears to be not so much against idea of assessment scale (which could in any case be derived from amounts of contributions agreed on by special conference proposed by United Kingdom) as against idea of General Assembly making this decision itself.

3. Disadvantages seen by Foreign Office in our position are:

(a) Fifth Committee of Assembly would include votes of Slav bloc and other countries which have no intention of contributing and would exclude votes of non-members wishing to contribute;

(b) Fixing of scale of contributions by Assembly for duration of relief programme might commit United Kingdom to large outlay in unknown financial circumstances of future and would constitute unfortunate precedent for other United Nations programmes;

(c) General Assembly cannot be relied on for responsible decision in such matter since majority of members contribute small proportion of United Nations budget.

4. Final instructions have already been sent to United Kingdom delegation in New York but I understand these include advice that delegation should seek to reach prior agreement on this question with United States delegation and should particularly avoid presenting divided front in Economic and Social Council. It would therefore seem likely that United Kingdom delegation would be amenable to some compromise proposal, perhaps embodying their idea of the special conference with our idea of assessment scale.

125. DEA/5475-DS-12-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 332 New York, November 7, 1950

CONFIDENTIAL

ECOSOC: ITEM ON KOREAN AID

2. The Council considered the report of the Temporary Committee (E/1864) on the extent of relief and rehabilitation required in Korea. The rough estimate of further requirements for the period ending in early 1952 is $250 million.

3. After the President of the Council had invited speakers to make general comments on the extent of aid and on proposed methods for financing, representatives of the following countries immediately began to present what appeared to be excuses for limited, or perhaps non-participation:

(a) Belgium felt that there was inadequate data on which to base an accurate estimate of requirements;

(b) France considered that military estimates are always inflated and it would be difficult for his country to make a contribution because it has not yet recovered fully from its own "war devastation"; in any event, contributions should be voluntary;

(c) Pakistan has had serious floods requiring heavy internal expenditures for relief;

(d) Brazil thought the estimate high compared with UNRRA costs;

(e) Chile favoured voluntary contributions;

(f) USSR supported voluntary contributions and pointed out that the estimate was not reliable because the Committee had not heard representatives of the "Korean people";

(g) Peru replied on earthquakes.

4. The Canadian representative stated that although the final figure could not yet be ascertained with any degree of accuracy, the Committee had indicated generally the basic requirements for the first period of the programme. He said that the United Nations has a particular kind of responsibility because the need for relief is associated with action taken in the face of grave necessity. He referred briefly to the desirability of giving consideration to new ways of raising contributions for international activity so that the Governments could feel certain that the burden would be shared very widely, if not universally. There should be some way in which each country could obtain a reliable indication of its fair share of the financial responsibility.

5. The United Kingdom stated that the present circumstances have arisen out of an act of international solidarity against aggression. It would be necessary to strike a delicate balance in determining the amount of the fund and in methods of allocation. He felt that no one should be assessed a fixed percentage of an indeterminate sum. In any event he preferred that those who refused to contribute should have no voice in the final disposition of funds. He supported the Australian proposal for a "technical assistance" type of conference at which member States would indicate the amounts they are willing to contribute.

6. With so many members already on record in favour of voluntary contributions, it appears most unlikely that we will be able to obtain a favourable vote (in the Council) for any method of assessment. As a special luncheon (during the noon interval) attended by Pollock and Dickey, the United States representative again attempted, (with our help) to convince the United Kingdom, Australia, France and Denmark that the modified assessment would attain the most favourable results in this type of operation. As indicated above, these efforts have not as yet produced a notable flow of converts. We are, however, trying to devise a new approach which will "wed" the concepts of the conference and of the special scale. Meanwhile we will continue to work behind the scenes in order to keep the idea alive until we can make another move in the Fifth Committee of the General Assembly.

7. Before adjournment the legal opinion of the Secretary General on the effect of United States domestic legislation on the United Nations Headquarters Agreement was distributed (E/L.123). The USSR and France suggested that consideration be deferred. The United States intervened to state that the document showed that the Secretary General was not prepared to give an opinion and therefore there was nothing to debate. The request for adjournment was accepted.

8. At the next meeting the Council will probably make its final recommendations to the Assembly on the whole question of Korean aid.

126. DEA/5475-DS-12-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 352 New York, November 9, 1950

CONFIDENTIAL. IMPORTANT.

KOREAN RELIEF PLAN

1. The joint Australian-United States plan for relief and rehabilitation of Korea was adopted Tuesday by the Economic and Social Council. The vote was 14 to 0, with Czechoslovakia, Poland and the Soviet Union abstaining. Mexico was absent from the meeting. The highlights of the discussion are described succinctly on page 33 of the issue of the *New York Times* of 8th November.

2. A footnote might be added to the *Times* report. The decision to leave the financial arrangements to the General Assembly was entirely consistent with our desire to prevent the Council from dealing with this matter. During the discussion the USSR representative protested against this move. He asserted that the overwhelming majority of member States in the Council had already declared themselves in favour of voluntary financing and that the United States proposal (supported by Canada) was designed to provide time for intensive behind-the-scenes lobbying and the application of "pressure" in favour of some form of assessment. While the USSR criticisms can be discounted in view of their obvious unwillingness to contribute to Korean aid, it is true that we intend to use the period before this question is examined in the Fifth Committee to attempt to persuade others that a new financial approach is desirable if we are to attain the twin objectives of adequate funds and an equitable sharing of the costs.

3. In this connection we have noted the views of the United Kingdom Foreign Office which were relayed in your teletype No. 222 of November 6th.† We feel that the United Kingdom objections do not constitute a valid criticism of the financial approach we have been proposing here, and are only understandable in relation to a straight assessment. As you know we started with the idea of a direct assessment scheme but abandoned it when it became evident that it would be difficult to provide adequate safeguards against future abuse and that, in any event we would be unable to obtain a majority of votes in the Council. Latterly therefore, all our efforts have been directed toward promoting the idea of a scale which would indicate the financial responsibilities of member States, yet would be voluntary in its application.

4. On this basis our comments on the "disadvantages" seen by the Foreign Office and referred to in paragraph 3 of your teletype are as follows:

(a) We do not see the relevance of this objection. The Slav States control only five votes in the Assembly and their participation in a discussion of the basis for assessments should only have a significant effect if the votes of others are evenly divided. Under those circumstances we could hardly avoid defeat. If, on the other hand, we could obtain a favourable vote from the Fifth Committee for establishment of a scale, we feel that this would require the Slav States to contribute or face public embarrassment when they declare themselves out. We agree that non-contributors should have no voice in the expenditure of funds. However, this is an entirely different question and not directly related to the establishment of a scale. Arrangements can always be made to accept contributions from non-United Nations members.

(b) As indicated above, no proposal has been submitted for the establishment of a mandatory scale. The scale we would propose in the Assembly merely would be a target which would render explicit the financial responsibility of individual States. As such it would be aimed primarily at those States which are inclined to ignore voluntary appeals. For the United Kingdom and other countries which are used to taking their financial responsibilities seriously, the commitment under the new approach would not be significantly greater than under a purely voluntary arrangement. In any event, if some member States feel that the precedent might become

embarrassing later, we could provide a suitable safeguard by agreeing that the scale would be valid only for one year, after which it would be subject to review in the light of changed circumstances.

(c) This seems to put the cart before the horse. At the present time the Assembly has the power to make decisions leading to large financial expenditures. There is no way to prevent the majority of members from introducing and passing such proposals unless we can find a way to develop (in them) a sense of financial responsibility. Although (under the purely voluntary approach) we can refuse to provide funds for carrying out these programmes, the political and moral pressures are so great that we have rarely, if ever, been able in practice to refuse to respond to these requests. If the desire is to induce responsibility, it must be at the time the programmes are initiated. We feel here that nothing could exert a more restraining influence than the necessity for paying a fair share of the costs. The desire for safeguards should not blind us to this basic fact.

5. In regard to your teletype No. 217 which provides Deutsch's comments on the tentative scale outlined in our teletype No. 292, perhaps we should have stressed that it is our intention to attempt to limit the Canadian share to three percent. We are fully aware that any contribution above our regular United Nations assessment might be difficult to explain to the Cabinet and Parliament. On the other hand, we must recognize that if the USSR and others contribute nothing this might mean a short fall in total contributions of between ten to fifteen percent. We would not be inclined to go any further than other member States to cover this deficit. However we did wish to indicate to you, that if you are anxious to see the Korean programme launched successfully, there might be circumstances under which Canada might be willing to consider a slightly higher proportion of the whole. Of course any additional Canadian expenditures that may arise out of the changed military situation in North Korea would have to be taken into account.

6. We are now attempting to find support for an approach combining the idea of a scale with that of a special conference. In brief, our idea is to request the Fifth Committee to draw up a scale after the United States has indicated the share it will pay. (The actual scale might be formulated by the Contributions Committee.) This scale would be circulated to member States only as an indication of their possible share of the total. Then they would be invited to a conference where they would indicate the amounts they are actually willing to contribute. As this would be somewhat softer than our earlier version, it might possibly obtain wider support.

7. In your teletype you suggest that the present instructions to the United Kingdom delegation are flexible enough to permit them to accept some such proposal. The United Kingdom delegation is, however, being advised by a Treasury official with whom we are not always in agreement. Yesterday, we found them unresponsive to our request for joint action along the lines referred to above. We do not wish to suggest a further approach to London. However, if there are any arguments in our teletype which have not already been advanced, you might consider the desirability of further action in that direction.

127. DEA/5475-DS-12-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 365 New York, November 10, 1950

CONFIDENTIAL. IMPORTANT.

KOREAN AID PROGRAMME

1. Members of the United States, United Kingdom, Australian, and Indian delegations attended a private meeting held in our conference room this morning to consider the financial and other arrangements for relief and rehabilitation in Korea.

2. The United Kingdom again expressed its opposition to our proposal for the development of a scale in the Fifth Committee as an indication of the shares member States might be willing to contribute at a special conference or a special meeting of the Assembly to be held later. However, after a lengthy exchange of views, those present agreed that they might be prepared to consider the establishment of a special "negotiating" sub-committee of the Fifth Committee which would be given responsibility to approach member States and to request an advance indication of the shares they might be willing to contribute. The objective of the negotiating committee would be to bring forcibly to the attention of all member States their financial responsibilities under the programme. Since all members could expect to be approached officially they would have to contact their Governments for instructions. This might help to overcome the natural inertia or outright resistance to an appeal of this kind. At the same time, those member States unable to respond now for genuine reasons would still have an opportunity to do so later at the "conference". This two-stage approach (a preparatory stage and a conference stage) should produce the best assurance of favourable results short of some kind of assessment.

3. This whole question will undoubtedly be raised in the meeting of Joint Committees Two and Three, which will commence discussion of the Council's recommendations on Korea tomorrow. However, a decision will probably not be required until the matter has been examined in the Fifth Committee.

4. We have also had private discussions of the total requirements for the first year of the Korean operation. As you know, the committee of the Economic and Social Council brought in a rough estimate of $250,000,000 for the period ending in early 1952. Grave doubts have been expressed here as to the possibility of collecting this amount and it has been generally agreed that the Fifth Committee should scale the figure down to $200,000,000. The United States have indicated that they feel certain that they will be able to pledge nearly 70 percent of this amount and to claim no off-setting credit for supplies already provided through the Unified Command.

5. However, their capacity to do so will depend very much on their ability to convince Congress that there will be very wide, if not universal, sharing of the

costs. (They are, of course, not expecting any contribution from the USSR). They have suggested that it would help them considerably if a few countries like the United Kingdom, Australia, and Canada could make a sizeable pledge to the negotiating committee at the same time as the United States does so. We have not yet indicated our reaction to this proposal, but said that we would take it up with you.

6. If you agree, our inclination would be to make an original pledge of about $5,000,000 (Canadian) or 2 and one half percent of a $200,000,000 programme (after the United States have already pledged at least 66 percent of this amount). We could also indicate our willingness if necessary, to put up another one half of one percent when pledged contributions from other member States have passed 95 percent of the total requirements. In this way, we would be able to help the United States by making a sizeable initial pledge, retain a small reserve for a second round appeal, and at the same time safeguard ourselves against the possibility that Congress would later decide to scale down on the amount originally pledged by the United States delegation.

7. Your comments on these matters would be appreciated as soon as possible.

128. DEA/8254-G-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 405 New York, November 16, 1950

CONFIDENTIAL. IMPORTANT.

FINANCING OF KOREAN AID AND PALESTINE REFUGEES

It will soon be necessary to indicate our views on the financing of Korean relief and rehabilitation and of aid for Palestine refugees. The Fifth Committee has been asked to provide recommendations on the financial arrangements appropriate to each of these programmes and is only awaiting the views of the Advisory Committee on administrative and budgetary questions before dealing with these questions.

2. It appears that substantial support is now gathering for a procedure along the lines of that mentioned in our teletype No. 365 of November 10th. Under this approach, if adopted, a negotiating sub-committee would be established by the Fifth Committee. The sub-committee would approach member Governments for an indication of the shares they are willing to contribute as a preparatory stage for a special meeting to be held later.

3. In confidential conversations yesterday with the United States, United Kingdom and Australian delegations on the Korean aid programme, we were advised that they are prepared to go along with the new procedure. After opposition to our original proposals for an assessment scale, the United Kingdom delegation is now willing to support what they term a "semi-mandatory" approach. One of the mem-

bers of their delegation today informed me that the United Kingdom hopes to be able to pledge a contribution of at least ten percent (10%) of the first year's requirement for the Korean programme. The Australian delegation indicate that their Treasury is considering a contribution equivalent to their regular United Nations percentage. The United States is still thinking in terms of contribution of between 66 and 70% of the total. In each case their position may, of course, be modified if the response of other member States is unsatisfactory.

4. In view of the possibility that we will soon be required to participate in the debate in the Fifth Committee, it would be desirable for us to have your views on the following questions:

(a) Do you agree that we should support the proposal for a Negotiating Committee or would you prefer that we continue to press for a direct assessment? In our opinion, the latter course would not be likely to attract much support. If circumstances should prove propitious we might try later to have the idea of a scale revived when working out the terms of reference of the Negotiating Committee.

(b) If a Negotiating Committee is established should Canada seek membership? There are arguments on both sides of this question: On the affirmative we might be able to exert a favourable influence on the financial arrangements. On the negative side we must recognize the fact that the Committee will have an exceedingly difficult and possibly embarrassing task. In our opinion, we should accept membership only if we are in a position to make a reasonable contribution perhaps along the lines suggested in paragraph six of our teletype No. 365.

(c) Can you provide us with any indication of the nature, extent and conditions for any Canadian contribution to Korean aid? A definitive decision is not required at the moment, but an indication of your general reactions to our earlier proposals would be extremely helpful. When do you propose raising the question in Cabinet?

5. All the above questions will also arise in our consideration of the financial arrangements for providing further aid for Palestine refugees. In this case, however, we have already indicated our political reservations toward provision of further funds before there is clearer evidence that a real effort will be made to achieve a final settlement of this problem.

6. Your views on these questions would be appreciated at the earliest possible date.

129. DEA/8254-G-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 411 New York, November 16, 1950

My teletype No. 381 dated November 14th and previous communications re joint Second and Third Committee.

The general debate in joint Committee on ECOSOC resolution for Korean relief and rehabilitation occupied yesterday's meeting.

The United States, Chile, and Uruguay which had also decided to suggest amendments to the ECOSOC resolution, have now agreed upon the text of a joint set of amendments. The text of the joint amendments will be found in my immediately following teletype.†

United States, United Kingdom and Chile made brief statements urging member Governments to endorse ECOSOC resolution as it will be amended by the jointly sponsored amendments. The joint Committee adjourned after having decided that the joint amendments should be considered only when recommendations of Fifth Committee regarding financial aspects have been received.

If such recommendations are not available at next meeting, the joint Committee will go on with the other items, the discussion of which was suspended last week in order to give precedence to the Korean item.

130. DEA/8254-G-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 467 New York, November 21, 1950

CONFIDENTIAL. IMPORTANT.

RE FINANCING KOREAN AID AND PALESTINE REFUGEE PROGRAMMES

1. The Fifth Committee decided this morning to recommend the appointment of the negotiating committee of seven or more members for the purpose of negotiating "during the current session of the General Assembly with member and non-member States the amounts which Governments may be willing to contribute to the programmes for such assistance."

2. In the course of a general statement in which we reiterated our belief that a wider and more equitable financial base for United Nations programmes of this kind was necessary, we expressed a preference for separate committees to deal with each of these programmes. However, for a variety of reasons, including administrative convenience, the Fifth Committee decided, on strong United States and United Kingdom insistence, to establish one committee. It was agreed, however, that the Committee would report separately on each programme.

3. In discussion within delegation this morning, it was agreed that the attitude of Canadian delegation toward membership on the negotiating committee should be dependent upon Canadian Government's willingness to contribute to each of these programmes. In this connection, we have your teletype outlining your proposals to the Cabinet tomorrow regarding Korea. If accepted, these proposals would ensure strong and constructive voice for Canada in any future deliberations on the Korean

aid. However, we have not yet received any indication of your intentions re Palestine.

4. In conversation with Bryce today, Pollock suggested that our course would be clearer if a decision could be reached now regarding our general attitude toward Palestine contribution. We recognize that the size and nature of our contribution, *if any*, must necessarily take into account the very different factors affecting this programme. In fact, our proposal for separate committees today was based on feeling that entirely different financial approach might be necessary.

5. If Cabinet decide in favour of a contribution for Korea and against contribution for Palestine refugees, our inclination would be to stay off negotiating committee. If, on the other hand, we are likely to contribute to both these programmes consider we might participate with advantage on negotiating committee and thereby help to evolve sounder financial arrangements and wider financial base both these programmes.

6. Your views on these questions would be appreciated as soon as possible after Cabinet decision has been reached.

131. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], November 22, 1950

. . .

KOREA; U.N. PROGRAMME FOR RECONSTRUCTION

29. *The Secretary of State for External Affairs*, referring to discussion at the meeting of October 11th, 1950, said that the Economic and Social Council of the United Nations had prepared organizational plans for the relief and rehabilitation of Korea and had drawn up a statement of policy to govern the execution of the programme. The Council's recommendations to the General Assembly called for the establishment of a United Nations Korean Reconstruction Agency under the direction of a United Nations Agent-General responsible to the General Assembly. The plans provided for co-ordination with the United Nations Commission for the Unification and Rehabilitation of Korea, the designated Korean authorities, appropriate specialized agencies, and inter-governmental and non-governmental organizations. An Advisory Committee consisting of representatives of five member governments, would advise the Agent-General on certain aspects of the programme.

It was estimated that a budget of $250 million would be needed to implement the programme during the first year. The General Assembly, however, might reduce this total to $200 million. The United States would probably assume 66 to 70 percent of the total cost of the programme, and in addition would probably not claim any offsetting credit for supplies worth approximately $100 million, already provided as military relief through the Unified Command.

It was recommended that the Canadian delegation to the General Assembly be authorized to agree that the Canadian government, subject to Parliamentary approval, would contribute to the United Nations Relief and Rehabilitation Programme in Korea 3.2 percent of the total funds required for the first year subject to the condition that the contribution would not exceed $8 million. The delegation might, in its discretion, confine the initial pledge to 2.5 percent and indicate that an additional .5 or .7 percent might be forthcoming provided certain conditions, such as adequate participation by other member countries, etc., were fulfilled.

An explanatory note had been circulated.

(Minister's memorandum, Nov. 21, 1950 Cab. Doc. 262-50)†

30. *Mr. Pearson* added that if Korea were simply liberated and left in ruins without any effort on the part of the United Nations to unite and rehabilitate the country, the intervention would have achieved no useful purpose and the Communists would probably take over in a very short period of time. In the circumstances, it was important that the United Nations should make every effort to ensure that Korea were united under a democratically elected government and started back on the road to recovery through essential rehabilitation and reconstruction measures.

31. *The Prime Minister* said that the proposed Canadian contribution of 3.2 percent of the total funds required during the first year seemed reasonable.

32. *The Cabinet*, after discussion, agreed that, subject to Parliamentary approval, Canada would contribute to the United Nations relief and rehabilitation programme in Korea 3.2 percent of the total funds required for the period January 1st, 1951 to early 1952 provided the contribution did not exceed $8 million; it being understood that the initial contribution might be limited to 2.5 percent on the understanding that an additional .5 or .7 percent would be forthcoming if certain conditions were fulfilled.

. . .

132. DEA/8254-G-40

Le sous-secrétaire d'État aux Affaires extérieures au sous-ministre de la Défense nationale

Under-Secretary of State for External Affairs to Deputy Minister of National Defence

CONFIDENTIAL [Ottawa], November 22, 1950

Dear Mr. Drury:

We have received several urgent appeals from the Secretary-General of the United Nations to assist in the provision of emergency relief to the civilian victims of the Korean war. As I explained to you on the telephone, we have been unable to take any action on these appeals, although some of the commodities required are available in Canada, because of the difficulty of financing an immediate contribution in the present peculiar situation when Parliament though not meeting is formally in session. A Governor General's Warrant is, therefore, impossible, and the

alternative of postponing any help until Parliament approves the estimates of this Department some time in February or March would mean that Canada could take no part in U.N. efforts to alleviate the critical conditions in Korea during this very pressing emergency period when the immediate provision of food, clothing, shelter and medical supplies is required to prevent widespread misery and disease.

It has occurred to me that a way out of the difficulty might be found by using military funds to finance an interim contribution of relief supplies. The United States has so far carried the lion's share of relief activities in Korea by using part of its military appropriation to provide supplies through the Unified Command, and you will recall that Defence funds were used to pay for military relief carried out by the Canadian forces in Europe in 1944 and 1945. Now that the Canadian army is to serve in Korea, I wonder if it would be possible to divert a portion of the Defence appropriation to finance a contribution of relief supplies for that country.

I should be very grateful if you would consider this suggestion and let me know whether you think it practicable. If you are prepared to agree to the procedure in principle, we could then consult the Department of Finance on detailed arrangements, and request Cabinet authorization of an immediate contribution for Korean relief.

Yours sincerely,
A.D.P. HEENEY

133. DEA/8254-G-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 338 Ottawa, November 24, 1950

CONFIDENTIAL. IMPORTANT.

Your teletype No. 467 of November 21. Canadian membership on Negotiating Committee on the financing of aid to Korea and to Palestine refugees.

1. In a separate message† I am informing you of the decision of Cabinet in favour of a contribution for Korean relief. The question of a Canadian contribution to the relief of Palestine refugees will not be coming before Cabinet for a week or more.

2. I am happy to leave to the delegation the discretion to follow your own judgement on whether Canada should accept membership on the Negotiating Committee. My own view is that, if you are pressed to accept membership, you should do so. You should not, however, accept the chairmanship of the Committee and you should press for a relatively large committee, the membership of which is not limited to willing contributors. It would be useful if the Committee included a number of states which are in the habit of giving verbal support to programmes of this kind but which have not in the past been willing to bear their full share of the financial commitments.

134. DEA/8254-G-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 497 New York, November 26, 1950

Reference my teletype No. 411 of November 16th, 1950, and previous communications re Joint Second and Third Committee.

Recommendations of Fifth Committee regarding financial aspects of Korean relief (A/C.2&3/95) were considered today by Joint Committee. For purposes of expediency, it was agreed that the recommendations from Fifth Committee should be forwarded to plenary as separate resolution. After brief statement by United States, United Kingdom, Chile, Australia and Uruguay, recommendations were approved by 35 votes in favour, none against and 7 abstentions (Syria, Saudi Arabia and Soviet Bloc). Text of Fifth Committee recommendations will be found in my immediately following teletype.

2. After further debate and acceptance of joint Chile-United States-Uruguay amendment and other minor amendments, the entire ECOSOC resolution on Korea, as approved by the Economic and Social Council, was adopted by 35 votes in favour, none against and 5 abstentions (Soviet Bloc). Complete text of resolution, as adopted by the Joint Second and Third Committee, will be sent to you under separate cover.†

3. Disposition of Korean question completes work assigned to Joint Committee. It is expected that membership of Advisory Committee will be drawn from member states contributing to Korean relief. Do you have any objection to the Canadian membership?

135. DEA/8254-G-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 498 New York, November 26, 1950

Reference my immediately preceding teletype re Joint Second and Third Committee.
Following is text of recommendations prepared by Fifth Committee and approved by Joint Committee on financial aspects of Korean relief, Begins:

REQUESTS the President of the General Assembly to appoint a negotiating committee composed of seven or more members for the purpose of consulting, as soon as possible during the current session of the General Assembly, with member

and non-member States as to the amounts which Governments may be willing to contribute towards the financing of the programme;

AUTHORIZES the Negotiating Committee to adopt procedures best suited to the accomplishment of its task, bearing in mind:

(a) the need for securing the maximum contribution in cash;

(b) the desirability of ensuring that any contribution in kind is of a nature which meets the requirements of the contemplated programmes; and

(c) the degree of assistance which can be rendered by specialized agencies, non-member States and other contributors;

REQUESTS that, as soon as the Negotiating Committee has ascertained the extent to which member States are willing to make contributions, all delegations be notified accordingly by the Secretary-General in order that they may consult with their Governments;

DECIDES that, as soon as the Negotiating Committee has completed its work, the Secretary-General shall, at the Committee's request, arrange, during the current session of the General Assembly, an appropriate meeting of member and non-member States at which members may commit themselves to their national contributions and the contributions of non-members may be made known. Ends.

Minor drafting changes will be made in order to present these recommendations as a separate resolution.

136. DEA/8254-G-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM Ottawa, November 29, 1950

CONFIDENTIAL

Your teletype No. 497, November 26 — Korean Aid.

1. Membership of the Advisory Committee would give us an opportunity to keep in close touch with the execution of the Korean Programme and to exercise some measure of influence on the spending of a large budget to which we are substantially contributing. Therefore, not only are we willing that Canada should serve on the Committee, but have a definite interest in securing membership. I suggest that you let it be known, at your discretion, that Canada is interested in serving on the Advisory Committee.

137. DEA/8254-G-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 586 New York, December 6, 1950

Reference my teletype No. 510 dated November 28th† and previous communications regarding Negotiating Committee for Korean and Arab relief. Following communication dated December 4th, 1950 has been received from the Office of the Secretary-General, Begins:

"The Secretary-General of the United Nations presents his compliments to the Chairman of the delegation of Canada to the General Assembly and has the honour to refer to the resolution relating to financial arrangements for the United Nations programme for the relief and rehabilitation of Korea adopted on 1st December and the resolution relating to the Relief and Works Agency for Palestine refugees adopted on 2nd December, 1950.

Those resolutions request the President of the General Assembly to appoint a Negotiating Committee composed of seven or more members, for the purpose of consulting as soon as possible during the current session of the General Assembly with member and non-member states as to the amounts which Governments may be willing to contribute towards the financing of the above programmes.

Acting on the request of the General Assembly, the President has appointed the following members to the Negotiating Committee: Canada, Egypt, France, India, United Kingdom, United States of America and Uruguay; and he has requested the Negotiating Committee to begin its consultations at the earliest moment.

The first meeting of the Committee will be arranged for the morning of Wednesday, 6th December, to take place in Manhattan. The exact time and place of meeting will be announced in due course". Ends.

2. This note will be discussed at this morning's meeting of the delegation.

138. DEA/8254-G-40

Le secrétaire d'État aux Affaires extérieures au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs to Chairman, Delegation to United Nations General Assembly

TELEGRAM 383 Ottawa, December 6, 1950

CONFIDENTIAL

Following for Holmes from Ford. Reference Korean Aid Programme.

1. We have been wondering whether it is proposed to go ahead immediately with the plans to set-up the U.N. Korean reconstruction agency as at present envisaged, or whether there is any talk of temporary postponement until the scope of the reconstruction job in Korea becomes clearer. Current developments in Korea would indicate that the estimated requirements of relief and rehabilitation on the basis of which the U.N. programme was worked out, may have to be revised and that the time-table for the beginning of operation for UNKRA may need to be altered. I am not, of course, suggesting that we should initiate such ideas, but it seems pretty obvious that regardless of the outcome of military events in Korea, the relief and rehabilitation needs are going to be different from those anticipated a month ago, and that the requirements and budget as estimated by ECOSOC are already out of date. I should be interested to have your own views in this connection, and to learn whether any ideas along these lines are being mentioned at Lake Success.

2. I should be glad to know whether Canada was appointed to the Member Governments Advisory Committee for the Korean Reconstruction Programme.

139. DEA/8254-G-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 597 New York, December 7, 1950

CONFIDENTIAL. IMPORTANT.

FINANCING OF KOREAN AND PALESTINE RELIEF

At its first meeting yesterday morning (December 6th) the Negotiating Committee elected H.H. Jam Saheb of Nawanangar (India) Chairman.

2. It was decided that despite military reverses in Korea the Committee should proceed with its work of contacting member states and try to obtain an indication of the amounts their Governments might be willing to contribute to the financing of this programme. This course was considered essential at this time as an expression of confidence in the successful outcome of United Nations efforts in Korea.

3. The Negotiating Committee will meet with member states and seek pledges for contributions, on the clear understanding that all such pledges will be "subject to approval of their appropriate constitutional bodies" and that actual contributions will be called for only when the military and political situation in Korea is clarified. Contributions in kind or in local currencies will be urged where convertible currencies cannot be provided. For the purpose of these consultations, the member states will be approached in groups, e.g., Latin-American states, Commonwealth countries, European countries, etc., by the member of the Negotiating Committee most likely to receive their confidence and support.

4. In the light of this new approach it was tentatively agreed that the special conference at which member states will make firm financial commitments should not be called until it becomes clear that it will be propitious to prepare for commencement of the activities of the United Nations Korean reconstruction agency.

5. The United States then indicated that the Administration would approach Congress for a contribution of 65 percent of the new programme. Senator Sparkman (U.S.) stated that this percentage referred to future requirements and that the Administration would recommend to Congress that the United States should claim no credit for relief supplies already provided through the Unified Command. Lord Crook for the United Kingdom then stated that it was the intention of the United Kingdom Government to request parliament to vote 8,000,000 pounds sterling to a $200 million programme or 10,000,000 pounds if the $250 million programme is to be carried out. John Dickey (Canada) indicated that when the situation becomes clear the Canadian Government would be willing to request parliament to appropriate $5 million (Canadian) for Korean relief, and, further, that if a satisfactory response was evoked from other member states, Canada would be prepared to consider an increase in its contribution to an amount not exceeding three percent of the total subscribed to the programme by all members. Dickey stressed that the attitude of the Canadian Government and Parliament would be strongly affected by the response of other member states. Since many Governments undoubtedly would be in the same position it was important for the Negotiating Committee to stress the importance of a universal response to all those appearing before it.

6. None of those present were ready to indicate their position re contributions for Palestine refugees, but the United Kingdom and the United States indicated that they hoped to be able to do so shortly.

140. DEA/8254-G-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 622 New York, December 11, 1950

CONFIDENTIAL

RE KOREAN AND PALESTINE AID

1. At meetings Friday and Saturday, the Negotiating Committee interviewed two groups of member states re prospective contributions to the two aid programmes.

2. Latin-American delegations were first to appear with following results:

Korean Aid

(a) Ecuador, Chile, Venezuela and Haiti stated that their Governments would furnish all possible aid. However they could not indicate exact amounts pending receipt of final instructions.

(b) Peru stressed inability to help, considering earthquakes.

(c) Mexico pressed for differentiation between supplies for relief and those to be used for rehabilitation. The Mexican representative intimated that his Government would be willing to contribute to emergency relief, but states that countries like Mexico with low standards of living could not be expected to aid in rehabilitation. This provoked long, inconclusive decision [sic] of relationship between relief, rehabilitation and development.

(d) Brazil stated that the executive would recommend that Congress appropriate 50 million cruzeros (approximately $2,700,000 United States) to be spent in Brazil for commodities required in Korea.

(e) Uruguay which has already contributed $2 million for interim aid did not testify.

3. None of these delegations were ready to give any indication of their position re Palestine aid.

4. Saturday morning representatives of Australia, Denmark, New Zealand, Norway, Sweden and Belgium appeared before the Negotiating Committee with the following results:

(a) *Australia* will recommend that Parliament provide supplies and facilities (subject to availability) up to an amount not exceeding 1.75 percent of the total pledges to the Korean programme. The maximum contribution is to be the Australian equivalent of $3.5 millions for a $200 million programme or $4.375 millions for a $250 million programme. Against this contribution, Australia intends to claim credit for interim aid already provided through the Unified Command.

The Australian Government does not intend to recommend a further contribution to Palestine aid. In explanation of this decision the Australian representative explained that his country's interest in the particular region was not very great. Furthermore, (he said), Australia had already provided substantial indirect assistance to the refugees through its contributions to the International Children's Emergency Fund. The Children's Fund has spent large sums for the refugees and Australia has provided almost 10 percent of the total resources of the I.C.E.F.

(b) *New Zealand* — The New Zealand representative has not yet received instructions re Korea, but he felt certain that his Government would make a contribution in unconvertible New Zealand currency. He is doubtful that New Zealand will contribute to Palestine fund.

(c) *Norway* hopes to provide between one quarter and one half of 1 percent of the total Korean programme. The minimum Norwegian contribution will be the equivalent of $500,000 (United States) to be spent entirely for purchase of supplies in Norway or for chartering of Norwegian ships. Norway cannot contribute more than 100,000 Norwegian kroners ($14,000) for Palestine aid.

(d) *Sweden, Denmark, Belgium* had not yet received instructions, but expect them shortly. Denmark intends to contribute 300,000 Danish crowns ($14,000) for Palestine.

(e) *Netherlands* — representative did not appear but sent word that he was awaiting instructions.

5. Before meeting adjourned, Senator Sparkman (United States) and Lord Crook (United Kingdom) made a special appeal to the Australian delegation to reconsider their position re Palestine. Senator Sparkman stressed that if Governments were to adopt a purely regional approach to financing of United Nations activities, the long-term implications might be disastrous. The success of the United Nations depended very largely on universal support for and acceptance of its decisions. The Australian delegate agreed to again bring these considerations to the attention of his Government.

6. On the whole, we might sum up the results of the two days discussion by saying that we are rather disappointed (though not entirely surprised) by the Latin-American response, but heartened by that of Australia and some of the North West European countries.

7. The Committee hopes to interview representatives of the Arab and other Middle Eastern states on Tuesday.

8. You might wish to consider whether it would be desirable to provide the press with an indication of the nature, size and conditions for the Canadian offer of assistance for Korea. Although our offer only has been made within the confines of the "closed" sessions of the Negotiating Committee there is always a danger that with so many member states participating in these discussions, confidential information may "leak" to the press. Garbled or inaccurate reports might prove embarrassing to you in Ottawa.

9. We would also appreciate early information regarding Cabinet decision on aid for Palestine refugees. We understand that this question was on Cabinet agenda last Wednesday.

141. DEA/8254-G-40

La délégation à l'Assemblée générale des Nations Unies à la Direction des Nations Unies

Delegation to United Nations General Assembly to United Nations Division

PERSONAL & CONFIDENTIAL New York, December 14, 1950

Dear Robert [Ford],

You must forgive me for my failure to respond to your request for information or to keep you very well posted in general. I wish I could blame it all on the Korean emergency. This is no doubt partly the reason, but the principal reason is that I am involved in meetings all day, every day, and then find it very difficult to concentrate on correspondence after nine o'clock in the evening.

In your telegram No. 383 of December 6, you raised the question as to whether it was proposed to go ahead immediately with the plans to set up the Korean Reconstruction Agency. This telegram arrived just about the time we had the first meeting of the Negotiating Committee. There was a decision in the Delegation before that meeting that we should proceed for the time-being at least with all our

plans just as if the Chinese had never entered the war. It would certainly look very bad indeed if we acknowledged at this time that it might be the Chinese rather than ourselves who would be reconstructing Korea. This was the attitude adopted by both major and minor delegations at the Negotiating Committee with some slight dissent from Uruguay. I believe that Sid Pollock sent a report to Ottawa on the Negotiating Committee which would, I imagine, answer the principal points you raised. I understand from Sid that it is still the intention to proceed with plans as previously adumbrated, but that the conference at which the final pledges of support would be made will not take place until the situation in Korea is somewhat more certain.

I have been trying to get away from here during the past week, but it now looks as if I will have to remain until Sunday. The situation is still a little cloudy, but I have every hope of showing up in the office sometime on Monday. If it is still alright with you, I should like to go home for a few days at Christmas, possibly from Friday until Tuesday. If your plans have changed, however, don't hesitate to let me know.

With best regards.

Yours sincerely,

JOHN [HOLMES]

142. DEA/8254-G-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 669 New York, December 16, 1950

CONFIDENTIAL. IMPORTANT.

Your teletype No. 422 of December 15th,† reference United Nations Korean Reconstruction Agency.

At plenary session yesterday (December 15th) President of the Assembly named United States, United Kingdom, India, Canada and Uruguay to Member Governments Advisory Committee for Korean Aid.

2. We were confidentially informed that Canada had been substituted for France after France had signified unwillingness to serve. Presumably French refusal is related to fact that her Government has not been able to announce a contribution to the programme. Earlier Secretariat had enquired as to our attitude and had been informed that Canada would accept, but was not seeking membership.

3. It is not possible to forecast locale of meetings of the Advisory Committee. In the Economic and Social Council it was agreed that the Advisory Committee would normally meet at United Nations headquarters (New York) but that it might meet "elsewhere" (including Korea) if that seemed desirable for the effective perform-

ance of its work. Accordingly, locale for meetings is bound up with the now unpredictable future of the whole Korean operation.

143. DEA/8254-G-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 736 New York, December 21, 1950

CONFIDENTIAL

1. Negotiating Committee met again yesterday to interview some of the countries which had been unable to attend previous meetings. Denmark, Philippines, and Union of South Africa made it known that they would not attend the meeting because of lack of instructions. Dominican Republic, El Salvador, Nicaragua, Panama and the Soviet bloc did not attend meeting nor make other response.

2. The following is the substance of statements made by representatives present with regard to Korean aid.

(a) Brazil confirmed that Bill providing for estimate of $2,700,000 was being discussed preparatory to submission to the Brazilian legislature.

(b) Argentina, Venezuela, Peru, Paraguay, Pakistan, Liberia and Yemen were still awaiting instructions but confirmed that their Governments had the matter under active consideration.

(c) Saudi Arabia pledged a contribution of $10,000 in its currency.

(d) Netherlands promised one million guilders.

(e) Syria pledged 25,000 Syrian pounds.

(f) Lebanon declared that it was unable to contribute anything further besides the $50,000 contribution already made.

(g) Turkey declared itself unable to contribute anything towards Korea. The Turkish representative made reference to the contribution of military assistance, to the recent floods encountered in his country and to the thousands of refugees from Bulgaria whom the Turkish Government has to look after.

(h) Belgian representative made it understood that his Government would contribute to both funds to the best of its ability.

3. With regard to the contributions for the Palestine refugees the statements made may be summarized as follows:

(a) Brazil, Argentina, Venezuela, Peru, Paraguay, Pakistan, Belgium, Liberia and Yemen had yet no instructions from their Governments, but they were all expecting final word from their Governments in the very near future.

(b) Saudi Arabia pledged $40,000 and a hundred tons of fuel oil, the value of which has been apparently estimated at around $70,000.

(c) Syria pledged .11 percent of the $55,000,000 required.

(d) Lebanon pledged a contribution equivalent proportionately to its United Nations budget contribution.

(e) Turkey declared itself unable to contribute any further to Palestine's refugees except for what the Turkish Red Crescent might be prepared to do.

(f) By far the most encouraging declaration was made by Senator Sparkman on behalf of the United States. You will recall that the United States representative had previously stated that in this instance the Administration had decided not to make any pledge until a clear picture had been formed of what the other countries, particularly of the Middle East, were prepared to do. Yesterday the United States representative stated that the Administration had decided to recommend a contribution to the Palestine refugees fund of up to fifty percent of the target, namely, a United States contribution of $25,000,000. This pledge was, of course, subject to the constitutional difficulties which might arise.

4. With the various contribution promised at yesterday's meeting the financial picture for these two funds is approximately as follows:

(a) Korea — A total of $210,000,000; has been conditionally pledged by various member Governments, leaving still $40,000,000 to be provided. The Chairman, Corley Smith of the United Kingdom, who presided in the absence of the Indian representative, felt that this could be looked upon as encouraging results, but stressed, nevertheless, the importance of securing at the earliest possible date the amount outstanding, since a great part of the $210,000,000 had been pledged on the condition of proportionately equivalent contributions by all the member Governments.

(b) Palestine — The United States promise has improved the situation very substantially. The United States contribution brings the total promised to $37,000,000, leaving $18,000,000 outstanding. However, this total includes an offer of $2,800,000 from Israel, in lieu of claims by individuals with respect to property, a matter which is outside the scope of the Committee's jurisdiction.

5. Representative of France expressed the view that it would be less difficult for Governments such as his own to vote contribution if Agent-General were appointed at once.

6. The Committee has adjourned until about January 8th, 1951, at which time it will reconvene for a three or four-day period. All delegations will then be asked again to appear before the Committee, either to confirm their pledges or to clarify their position. This will be the last informal meeting before the formal conference. In the meantime, members of the Committee have been urged to continue their informal discussions with the various delegations here. The countries have been divided for this purpose in four groups.

144. DEA/8254-G-40

Le sous-secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Under-Secretary of State for External Affairs
to Permanent Representative to United Nations

LETTER NO. V-1557 Ottawa, December 22, 1950

KOREAN AID PROGRAMME

In the course of the Negotiating Committee you may find it useful to know the official attitude toward the form of the Canadian contribution to the United Nations Korean Reconstruction Agency.

2. You will remember that Cabinet authorized a maximum contribution of 3.2% of the total budget provided that budget does not exceed 250 million dollars and that no conditions were attached by Cabinet to the Canadian contribution. Following the Cabinet decision we took up this particular aspect of the matter with the Department of Finance, urging that the full contribution be untied, either to purchases in Canada, or to restrictions in respect of convertibility of funds. We suggested that at the appropriate time it be made clear that Canada would expect the Agent-General to make purchases in Canada when required commodities were available at competitive prices, but that we should put no definite restrictions on the use of the money. The Department of Finance has informed us that they have no objection to the procedure proposed by us, and would suggest only that the administrative arrangements should provide for bringing to the attention of the Agent-General any surpluses of suitable commodities which might develop in Canada in the future.

3. Copies of the correspondence between the two Departments are attached.†

J.W. HOLMES
for Under-Secretary of State
for External Affairs

145. DEA/8254-G-40

Le sous-ministre de la Défense nationale
au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of National Defence
to Under-Secretary of State for External Affairs

SECRET [Ottawa], December 28, 1950

Dear Sir:

Receipt is acknowledged of your letter dated 22 November, 1950, in which you advise me that several urgent appeals have been received from the Secretary-General of the United Nations for Canada to assist in the provision of emergency relief to the civilian victims of the Korean War and suggest that the difficulty of finding

funds for this purpose might be met by using military funds to finance an interim contribution of relief supplies.

I have asked the Deputy Minister of Finance whether he would consider this to be an appropriate use of military funds, and he has advised me that he does not believe that would be appropriate to use the Defence Services Appropriation for this purpose. He points out that this appropriation is to provide for the Defence Forces of the Navy, Army and Air Services and that it does not seem to him that the purpose for which it has been granted can be construed to include emergency relief to the civilian victims of the Korean War given under the auspices of the United Nations. The situation that applied during the last war was quite different in that funds provided for military relief were from the War Appropriation under which the Government had wide powers to use the money for war purposes of all kinds.

I therefore regret to advise you that it would appear to be impossible for this Department to comply with the suggestion made in your letter of 22 November.

Yours very truly,

PAUL MATHIEU
for Deputy Minister

6e PARTIE/PART 6

INTERVENTION DE LA RÉPUBLIQUE POPULAIRE DE CHINE
INTERVENTION BY THE PEOPLE'S REPUBLIC OF CHINA

146. DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET Ottawa, November 6, 1950

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KOREA

Mr. Collins. Last week the Chinese Communists made good the warning that they would not "stand idly by" if United States forces crossed into North Korea. The State Department informed our Embassy in Washington on November 3rd that about 16,000 Chinese Communist soldiers are now engaged in Korea. According to the most recent Intelligence reports received at that time, elements of several Chinese regular units had been identified, although Chinese units were not fighting in large separate formations. More recent information from the press, however, would seem to indicate that as many as three full Chinese divisions — over 30,000 men — had joined the fighting.

It was also reported that large supplies of arms and equipment have come from Chinese Manchuria to bolster North Korean resistance. As a result, remnants of the retreating North Korean army, joined by Chinese troops, were suddenly able to

launch a fierce counter-attack. At the same time, enemy planes again entered the conflict, presumably from Chinese bases. In the face of this assault, United Nations troops were forced temporarily to withdraw, suffering many casualties.

In a communiqué issued today, General MacArthur confirmed that "elements of alien Communist forces" have moved across the Yalu River into North Korea. Without identifying the new force as Chinese, General MacArthur branded this move as "one of the most offensive acts of international lawlessness of historic record." He also pointed out that this "new and fresh army" was "backed up by a possibility of large alien reserves," and added "whether and to what extent these reserves will be moved forward to reinforce units now committed remains to be seen and is a matter of the gravest international significance."[60] A press report from Tokyo states that about 300,000 trained troops are immediately available in Manchuria as reserves. An additional 300,000 are also reported to be available either in Manchuria or North China.

The probable objectives of Peking's intervention, as reported from Washington, are:

(1) to keep United Nations forces from the Chinese border;

(2) to delay as long as possible the settlement of the Korean affair by the United Nations;

(3) to involve United Nations, and particularly United States, troops in a campaign of attrition by prolonging the war into the winter, which is severe in North Korea, and possibly longer;

(4) to attempt to protect the extensive hydro-electric plants on the Yalu River which furnish power to Manchuria.

The question of Chinese Communist intervention in Korea will undoubtedly be raised in the Security Council as soon as General MacArthur's official report is officially received. (SECRET)

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147. DEA/50069-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 324 New York, November 6, 1950

TOP SECRET

Addressed Washington No. 37.

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[60] Voir/See United States, Department of State, *Bulletin*, Volume 23, No. 593, November 13, 1950, p. 763.

KOREA

Following for the Ambassador from the Minister, Begins: In this message I should like to confirm and expand the misgivings I expressed to you over the telephone this morning concerning MacArthur's communiqué on Chinese intervention in Korea.

2. You will recall that we were given the very definite impression, both here and in Washington, that when the United Nations forces were approaching the Chinese border, the United States would follow a very prudent and unprovocative course of action and that they were considering leaving a strip of no man's land between their forward positions and the border, so that the Government in Peking would have no excuse for committing their forces in North Korea. The events of the last week or so, obscure though they are in many respects, nevertheless seem clear enough to suggest that this policy of prudence has gone by the board. MacArthur appears to be regarding his assignment from a limited military point of view (except when he talks to the press) and apparently was determined to rout out the North Koreans from their final redoubts, even if that involved sending United States forces as far as the Yalu River. He may have been encouraged in this view by what seemed to be, until the last few days, the collapse of opposition in North Korea. They must surely be aware now in the State Department of the extremely serious risks of a war with China, and realize that their earlier confidence on this score doesn't seem to be justified.

3. The motives and intentions of the Peking Government are, of course, difficult to decipher. One likely reason, however, for their intervention is that they are afraid that the hydro-electric installations on the Yalu may be destroyed and that they have ordered their troops to cross the Korean frontier in order to protect them. If that is the case, an assurance from the United States authorities that these installations would not be damaged might produce a more moderate attitude in Peking. Such an assurance might conceivably be conveyed through the good offices of the Indians, though their present attitude of "we told you so" and also current developments in Tibet may make them reluctant to intervene. I realize, of course, that there are other possible interpretations of the Chinese intervention. But I feel strongly that nothing should be left undone which might help to remove the danger of conflict with China which could benefit no one but the Soviet Union.

4. In a matter of this gravity, it seems to me odd that MacArthur, when speaking specifically as the United Nations command, should comment on the Chinese position in the terms that he did and in the form of a communiqué to the press rather than in the form of a report to the United Nations. You will by now, I imagine, have expressed my surprise at this procedure to the State Department. Ends.

148. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2851 Washington, November 6, 1950

SECRET. IMMEDIATE.

Addressed Candel New York No. 41.

KOREAN SITUATION

Following for Pearson from Wrong, Begins: Following our telephone conversation this morning I arranged to see Rusk with Ritchie in order to discuss the extent of Chinese intervention, MacArthur's statement of yesterday, and the action which might be taken in the Security Council. Since you spoke to me you have doubtless seen MacArthur's special report to the United Nations, received on Saturday afternoon, on the presence of Chinese military units, which will be the subject of the Security Council's meeting on Wednesday morning.

2. Rusk said that, according to this morning's report from Tokyo, about 26,000 Chinese Communist troops were believed to be in North Korea, together with about 47,000 remaining North Korean forces. The Chinese were organized in one complete division and in three curious formations made up of one battalion of peace preservation corps forced from each of the divisions now stationed in Manchuria. Against them there were in the North around 100,000 United Nations combat troops plus nearly 70,000 South Koreans, and further United Nations forces were moving North, which would raise the combat strength to 200,000 in all. In addition to the North Koreans still fighting in the North about 20,000 guerillas are at large in other parts of Korea, but these do not constitute a serious military problem at present.

3. He read us part of a paper listing eleven different motives as possibly prompting Chinese intervention, ranging from a desire to control a narrow belt of territory south of the Yalu River to a preliminary action in a general Soviet-planned offensive in other parts of the world. In his own judgment the likelihood is that the Chinese Communists intend to keep their intervention on a basis of limited liability. They would have to engage very substantial additional forces if their motive was to "liberate" all Korea or to re-establish the 38 parallel as a boundary. In any case, the intervention has not yet been on the scale alleged in a number of press reports, although it could be expanded easily, especially after the ground freezes and thus transport problems are simplified.

4. I told him that you were concerned over some of the language in MacArthur's statement, which could be regarded as leading towards an extension of air operations against Chinese installations and communications in Manchuria. He remarked that, although some of it was expressed "in Victorian language", it was in substance

a mild reply to a very intense provocation. I said that the last paragraph, especially with its reference to the limitation of "our present mission" was disturbing, and asked him whether an enlargement of the mission to permit action in Manchuria was under consideration. He answered that this had not yet been considered, but, of course, continued and substantial Chinese reinforcements might make it necessary. He would express no view on how the United Nations mandate could be extended, saying he had not yet thought about this. The immediate purpose is to continue to endeavour to localize the fighting. I could not draw him out on the MacArthur statement. It bears the signs of his personal authorship, but I can form no firm opinion whether Washington was consulted in advance.

5. See also my immediately following message. Ends.

149. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2852 Washington, November 6, 1950

SECRET. IMMEDIATE.

Addressed Candel No. 42.
Following for Pearson from Wrong, Begins: My immediately preceding message.

1. We asked Rusk what line the United States would take at Wednesday's meeting of the Security Council. He said that they had prepared a rough draft of a resolution and had begun consultation with the British on it after midnight last night. Finally he let me have a copy of the draft, asking me to ensure that this was kept secret from all members of the Security Council other than the United States. He said he would be very glad to have any comments from you. I therefore quote below the operative paragraphs of the resolution:

"INSISTENT THAT no action be taken which might lead to the spread of the Korean conflict to other areas and thereby further endanger international peace and security;

"CALLS UPON all States and authorities to refrain from assisting or encouraging the North Korean authorities, to prevent their nationals or individuals or units of their armed forces from giving assistance to North Korean forces and to cause the immediate withdrawal of any such nationals, individuals or units which may presently be in Korea;

"REQUESTS the United Nations Committee on Unification and Rehabilitation of Korea to hold itself available to assist in the settlement of any problems relating to conditions on the Korean frontier in which other States or authorities have an interest and to utilize such members of the Commission as now have representatives in the area for this purpose."

2. Rusk described this as a continued effort to bring about localization of the conflict. The last paragraph is intended as an indication to the Chinese that ways can be found to look after their interests in power from the Yalu dam and other frontier questions. There is no mention of the Communist Chinese in the preamble except that the Security Council would note the statements contained in MacArthur's special report of last Saturday. I think that the resolution is about as mild as one could reasonably expect in the circumstances.

3. Rusk said that he would welcome your views on how the issue should be handled and also any comments on the language of the resolution, which is certainly not in final form. He anticipates that it will be vetoed by the Soviet Union. As time is short, you might telephone your observations to me in the morning. Ends.

150. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 233 Ottawa, November 7, 1950

SECRET. IMMEDIATE.

Repeat Washington EX-2219.

CHINESE INTERVENTION IN KOREA

Following from Heeney, Begins: Following are our preliminary reactions to the problems raised by the reported intervention in force by the Chinese Communists in Korea, and to MacArthur's statement on this subject which appeared in yesterday's press. We have not yet seen the text of MacArthur's special report to the United Nations.[61]

2. It is slightly reassuring to note that MacArthur ends his communiqué with the affirmation that "our present mission is limited to the destruction of those forces now arrayed against us in North Korea," and that he refers to the "alien reserves" and "supply" as being "beyond the limits of our present sphere of military action". The implication is strong, however, that MacArthur may be setting the stage for action against the Chinese bases of troops and supply in Manchuria. For this reason we were pleased to note Rusk's statement to Wrong, as reported in Washington teletype No. 41 of November 6, to you, repeated to us as WA-2851 of November 6, that the immediate purpose is to continue to endeavour to localize the fighting.

3. Our primary objective should be to afford time for the Chinese Communists to disengage and withdraw from Korea, if this can be brought about. While the existing Security Council resolution on the restoration of peace and security "in the

[61] Voir *Documents sur la crise coréenne*, pp. 9-11./See *Documents on the Korean Crisis*, pp. 9-10.

area" might be construed as giving sufficient authority for limited military action across the border to safeguard U.N. positions, we think it would be politically wise to avoid the necessity of taking advantage of this interpretation for the time being by stopping short of the frontier in the military advance. This would, of course, have to be consistent with military necessity and the reasonable safety of U.N. forces. On the broader issue of retaliatory strikes against Chinese bases in the rear, we should insist that such action is not covered by the present resolution, and would require further authorization from the United Nations. The main objective to keep in mind at this stage, in our opinion, is that nothing should be done on grounds of military expediency to prejudice eventual decisions which are of the highest political importance. Assuming that the United States authorities are in general agreement with this view, we should hope that appropriate advice could be sent to General MacArthur if this has not already been done. Such advice should cover the activities of ROK forces, in case there is still any doubt in MacArthur's mind regarding his responsibility for their military operations.

4. I agree with the United Kingdom view (C.R.O. telegram Y.329 of November 4)† that there is everything to be said politically for not forcing the Chinese into a position where they cannot withdraw. I should go further, however, and would hope that positive steps could be taken to provide an opportunity for withdrawal before any action is taken by the Security Council or the General Assembly. If Chinese motives are primarily their concern over the hydro-electric installations along the Yalu River and over the physical presence of troops other than South Koreans along the border itself, appropriate assurances might be conveyed through the Indians or through other channels to the effect that (a) there is no intention of destroying the Yalu power installations and (b) arrangements will be made in consultation with the interested Korean and Chinese authorities to distribute electric power from these installations on an equitable basis. The approach might be made, after consultation with the Unified Command, by the President of the Interim Committee on Korea, if UNCURK itself is not yet in a position to act.

5. Should such preliminary moves not be feasible, and the immediate introduction of a resolution of some sort be considered necessary, the tentative United States draft outlined in Mr. Wrong's WA-2852 of November 6 seems to afford a reasonable and realistic approach. I should be inclined to strengthen the third operative paragraph ("Requests the United Nations Committee" etc.) with a more specific assurance that the interests of other states or authorities in problems relating to the frontier will be safeguarded, and that such other states and authorities would be consulted. This would incorporate more of the United Kingdom suggestions as contained in C.R.O. Y.330 of November 4.† I also assume that the preparatory paragraphs of any resolution would re-affirm United Nations objectives in Korea, making it clear that these are in no way prejudicial to the interests of any other state.

6. With reference to the question of Chinese motivation, while the present intervention merely makes good the warning that the People's Government could not stand idly by if United States forces crossed the 38th parallel, and may be related to the limited objective of safeguarding Manchuria's power supply, it is hard to understand military action on this apparent scale at this late date unless Peiping is con-

vinced either that the occupation of all Korea constitutes a serious and continuing military threat or that the third world war is not only inevitable but imminent. If the latter, the Chinese Communists could be basing their estimate on a belief that war will be initiated by the West, or on knowledge that it is the intention of the U.S.S.R. to force the pace and precipitate the major conflict. In either case, however, the Chinese seem to be deliberately running the risk of having their major centres bombed in return for creating a situation which would, in a military sense, be of more benefit to the U.S.S.R. than to China, since China would suffer the initial loss in the process of facilitating the Soviet military task in Europe.

7. The only other conclusion would appear to be that the Chinese Communists, while realizing the risk, are counting on Soviet backing should the area of hostilities be extended by the United Nations forces to China proper, and are relying on this as an effective deterrent to the United Nations authorizing or condoning such an extension. In this event their intention would presumably be to restrict their intervention to a limited sphere in North Korea, and they might be persuaded to withdraw if suitable conditions could be established for the solution of border problems in which they consider themselves to have a vital interest. Ends.

151. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2906 Washington, November 10, 1950

CONFIDENTIAL. IMMEDIATE.

Repeat Candel No. 47.

KOREA

Officials of the State Department concerned with Korean affairs, reviewing situation today, said that the gradual Communist withdrawal in Korea seems to be continuing. Communist forces appear to be regrouping in concentration in the Kang-Gye region, in the general region 41 degrees latitude North, 126 degrees 30 minutes longitude East, which has been throughout one of their main staging-areas. It is interesting to observe that this is not close to the location of the Yalu hydro-electric plant. It is now thought possible that the intention of the Communist command may be to form a tough defensive perimeter in the rugged Kang-Gye region in an attempt to prolong the campaign through the winter months.

2. Asked for comment on the reported statement from General MacArthur's headquarters that sixty thousand Chinese Communist troops are now in Korea, State Department officials said they had no definite information that there had been a substantial increase in the total number of Chinese Communist troops in Korea

within the last forty-eight hours. They think that re-enforcements are continuing to cross the border.

3. Air activity has been sustained with heavy bombing of the Communist supply lines and bridgeheads on the border. State Department officials continue to emphasize the difficulties of the United Nations air forces having to operate against fighter planes taking off from and returning to Chinese air fields.

4. The State Department informed us that as of this morning no request for United States visas had been received from Chinese Communist delegations named to proceed to the United Nations. Authority for the issue of the necessary visas has been given.

5. The State Department is continuing to maintain the same level-headed position which was displayed during my conversations with Messrs. Acheson and Rusk earlier this week, despite the intense nature of the provocation caused by continuing movements into Korea of Chinese Communist forces and by the employment of aircraft from their safe haven on the other side of the Yalu River. The strong public feeling on this issue is likely to increase, especially if, after the present pause, heavy ground fighting begins again. The State Department, however, fully recognize the need for doing their best to localize Chinese intervention and to keep it on the basis of limited liability.

152. DEA/50069-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 368 New York, November 11, 1950

KOREA

Following is text of resolution on Korea in Security Council introduced yesterday by Cuba, Ecuador, France, Norway, the United Kingdom and the United States. Please note particularly last three paragraphs. Text begins:

COMPLAINT OF AGGRESSION UPON THE REPUBLIC OF KOREA
CUBA, ECUADOR, FRANCE, NORWAY, THE UNITED KINGDOM
AND THE UNITED STATES OF AMERICA: JOINT DRAFT RESOLUTION

The Security Council

RECALLING its resolution of 25th June 1950, determining that the North Korean forces had committed a breach of the peace and calling upon all members of the United Nations to refrain from giving assistance to the North Korean authorities,.

RECALLING the resolution adopted by the General Assembly on 7th October 1950,[62] which sets forth the policies of the United Nations in respect to Korea,

HAVING NOTED from the special report of the United Nations Command in Korea dated 5th November 1950 that Chinese Communist military units are deployed for action against the forces of the United Nations in Korea,

AFFIRMING that United Nations forces should not remain in any part of Korea otherwise than so far as necessary for achieving the objectives of stability throughout Korea and the establishment of a unified independent and democratic Government in the sovereign state of Korea, as set forth in the resolution of the General Assembly dated 7th October 1950,

INSISTENT that no action be taken which might lead to the spread of the Korean conflict to other areas and thereby further endanger international peace and security,

CALLS UPON all states and authorities, and in particular those responsible for the action noted above, to refrain from assisting or encouraging the North Korean authorities, to prevent their nationals or individuals or units of their armed forces from giving assistance to North Korean forces and to cause the immediate withdrawal of any such nationals, individuals, or units which may presently be in Korea;

AFFIRMS that it is the policy of the United Nations to hold the Chinese frontier with Korea inviolate and fully to protect legitimate Chinese and Korean interests in the frontier zone;

CALLS ATTENTION to the grave danger which continued intervention by Chinese forces in Korea would entail for the maintenance of such a policy;

REQUESTS the Interim Committee on Korea and the United Nations Commission on the unification and rehabilitation of Korea to consider urgently and to assist in the settlement of any problems relating to conditions on the Korean frontier in which states or authorities on the other side of the frontier have an interest, and suggests that the United Nations Commission on the Unification and Rehabilitation of Korea proceed to the area as soon as possible, and, pending its arrival that it utilize such members of the Commissions as now have representatives in the area for this purpose. Text ends.

[62] Voir le document 113./See Document 113.

153. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale aux Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 267 Ottawa, November 11, 1950

SECRET. IMMEDIATE.

Repeat Washington EX-2288; London No. 1763.
Following for Riddell.

CHINESE INTERVENTION IN KOREA

1. We fear that in the present atmosphere of haste and emotion, there is grave danger that decisions, all of which involve calculated risks, may be made without taking full account of the main considerations of policy, which would seem to us to be the following:

(1) The purpose of the resistance to the aggression of North Korea was to demonstrate that aggression does not pay. Aggression will, however, pay most substantial dividends to the Cominform bloc if it leads to a war between the United States and China.

(2) The interest of the Western democratic powers is to limit hostilities in the Korean area and to have hostilities come to an end as quickly as possible in order that stability may be restored and foreign troops withdrawn.

(3) It would also seem to be in the interest of the Chinese to limit hostilities in order that they may get ahead with the job of reconstructing China.

(4) The only country whose interest would be served by an extension of hostilities in the Korean area is the Soviet Union.

(5) When the Western democratic powers are as weak in land forces as they are today, they must play for time in which to get stronger.

(6) The main front is Western Europe and we must resist efforts of the Soviet Union to get us committed to a theatre of secondary importance.

(7) If a war with China should break out, it is of the utmost importance that public opinion throughout the world, not only in North America but in Western Europe and in the democratic states of Asia, should be convinced that the United States and its partners have done everything they possibly could to avoid war. The record must clearly show this. It must not, for example, show that decisions were arrived at in haste and that the Chinese, either as witnesses, or defendants, or parties at interest, were not given their day in court.

(8) In dealing with the Chinese we must take full account of the possibility that their suspicions of the intent of the United States to encircle them have been genuinely aroused because, for example, of actions in Formosa, General MacArthur's statements, and the refusal to admit them to the United Nations. The increased

influence of violently anti-Chinese-Communist elements in the Republican party which may be expected as the result of the recent elections will not help to allay these suspicions.

2. The Chinese have indicated that at least one of their purposes in intervening in North Korea is to protect the electric power installations upon which their important industrial base in South Manchuria so largely depends. It would be advisable at this stage to work on the assumption that this is a primary Chinese objective, and to make every effort to find a reasonable solution of this aspect of the problem, if only to place the United Nations in a position of having given proper consideration to what would appear to be a legitimate Chinese interest.

3. In view of all this, the first approach to the problem should surely be to seek to reassure the Chinese regarding the purposes and implications of United Nations action in Korea and to smoke out their real motives before taking steps which may serve only to enlarge their original intentions. This should be done through every available channel, for example, the Korean Commission, through the Security Council, through statements by the United States, and through statements conveyed by India in Peking.

4. If this approach fails, then we can give consideration to taking the risk of stressing intimidation rather than reassurance.

5. My immediately following teletype contains suggestions as to what might be done, in practical terms, in the light of the above. Would you discuss these suggestions with such other delegations as you think appropriate, including the French, whom we note from yesterday's *New York Times* have received somewhat similar instructions.

6. As I indicated to LePan on the telephone from Toronto this morning, since Canada is not a member of either the Security Council or the Interim Committee, it is not (repeat not) our intention to advance any proposals. However, I would like you to discuss our views and our suggestions as indicated in these two messages with Keith Officer and perhaps Romulo (Interim Committee) and Jebb, the Indians and the French (Security Council). For the present I do not (repeat not) wish you to take these matters up further with the U.S. Delegation.

154. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 268 Ottawa, November 11, 1950

SECRET. IMMEDIATE.

Repeat Washington EX-2289; London No. 1764.
Following for Riddell, Begins: My No. 267 of November 11. Chinese Intervention in Korea.

2. In view of the certainty that the draft resolution quoted in your 337 of Nov. 8†[63] will be vetoed in the Security Council, and since we have grave doubts as to whether the increasing U.S. tendency to adopt an attitude of intimidation noted in your 351 of Nov. 9,† will produce the desired reaction from the Chinese Communists, we have been giving thought to the possibility of a somewhat different line of approach being tried concurrently, which might serve more effectively to test Chinese intentions and produce immediate results.

3. What we have in mind could be in the form of a recommendation from the Interim Committee on Korea to the Security Council. This recommendation could refer to Romulo's resolution, which was passed yesterday, deciding that in view of the urgency of the problem representatives of the members of the Committee who are in Korea will lend all practicable assistance in respect of questions relating to the Northern Korean frontier. It might then go on to note the difficulties of rendering any practical assistance in the midst of hostilities, and the danger to the hydroelectric installations along the frontier if hostilities continue. It might emphasize the importance of these installations to both China and Korea. It would then recommend to the Security Council that it call upon North Korean forces, to cease hostilities in the vicinity of these installations, and to afford facilities for U.N. representatives to visit the areas involved in order to discuss with representatives of states or authorities having interests in these installations appropriate measures for safeguarding them and settling problems arising from the distribution of electrical power in the area.

4. You will note that this is directed to a cease fire in the vicinity of the hydroelectric installations only, and is therefore a more modest proposal than a temporary truce along the whole front. It would assume, of course, that if this proposal were accepted by the North Koreans, U.N. forces would likewise cease hostilities in this area to enable negotiations to proceed. This would create a temporarily neutralized zone.

5. The object of such a recommendation would be to provide some basis on which there might be a possibility of agreement in the Security Council and which would deal with the immediate issue while avoiding direct reference to the more controversial aspects of the problem. In this form it could appropriately come from the Interim Committee without the implication that the sponsors of the (U.S.) draft resolution are backing down on the broader issue of intervention, since the Committee is legitimately interested in rehabilitation and the effects on this of the destruction of the Yalu plants.

6. If anything is to be done in the Security Council, action would have to be taken quickly, since it would appear advisable to have the recommendation before the

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[63] Lorsqu'il a transmis cette résolution de New York, le chef de la délégation canadienne l'a décrite ainsi
In transmitting this resolution from New York, the Chairman of the Canadian Delegation described it as
"almost identical with the text given in Washington Telegram to us, No. 42."
Voir le document 149./See Document 149.

Council as soon as possible to avoid giving it the appearance of an alternative to the U.S. draft.

7. In addition, the Interim Committee might also consider following up yesterday's resolution with a request to the Secretary General that he make Col. Katzin available to meet with representatives of the Peking Government, perhaps in Hong Kong, to discuss practical problems connected with the Yalu power plants.

155. DEA/50069-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 376 New York, November 13, 1950

SECRET. IMMEDIATE.

Repeat Washington No. 47.
Your telegrams No. 267 and No. 268 of November 11th — Korea.

Since the receipt of message from the Department on Friday, I have discussed Security Council action on Chinese penetration in Korea with members of Secretary General's office, United Kingdom, United States, Indian and French delegations. In each case I have tried to discover extent to which policy as expressed in resolution tabled on Friday commanded support, and I also enquired if any separate approach were being made to Chinese Communists with a view to discovering whether Chinese objectives in crossing Yalu River were limited ones that could be satisfied by process of negotiation.

2. In regard to resolution now before Security Council, draft in present form apparently carries full concurrence of all its sponsors. Seventh paragraph, affirming inviolability of Chinese frontier, was put in on insistence of French. Once it had been put in, however, U.S.A. and United Kingdom insisted on adding eighth paragraph as a warning that if Chinese intervention continued, Yalu River would be crossed, by aircraft at least, to break up Chinese concentrations and supply bases in Manchuria. Both Ross and Jebb insisted that without this warning, United Nations commander might have been prevented by resolution from taking necessary military action beyond the Yalu River. Lacoste of French delegation assured me that his delegation did not contemplate resolution in terms apparently suggested by Friday's press, and seemed perplexed by my account of the report, which he had not seen. I did not see it either, and it may have appeared only in early editions of the *Times*, which reach Ottawa.

3. Undertaking given in paragraph 7 of this draft resolution, and in statements in Security Council, that Chinese interests will be protected are regarded by sponsors as adequate assurance to Chinese, who are supposed to take this resolution seriously and withdraw their forces or take the consequences. If this resolution is vetoed in the Security Council, or if, for some other reason, progress on it cannot

be made, it is intention of United States delegation to carry the question to the Assembly at once. Jebb admitted that neither the text of the draft resolution nor the supporting statements might have this effect of carrying any great weight of assurance of confidence to Chinese Communists, but he was at a loss to know what else could be done. He remarked that he kept doing his best to give a moderate line to the debate, but that his efforts were always offset by the menacing language used by the Senator.

4. As far as I can find out, no serious effort is being made to establish contact with the Chinese Communists, except by inviting (or summoning) them to the Security Council. Jebb agreed that it was essential to make contact with them, but thought this could only be done if they came to Lake Success. He was uncertain what should be done in view of their refusal to permit their delegation to discuss Korea. Cordier hinted that some effort was being made to find out from Peiping what the Chinese objectives in Korea were, but I could get no confirmation of this hint. Indians say they have had nothing new from Panniker for a fortnight, and, if instructions have gone to him to discuss Korea in Peiping, the delegation does not know of it.

5. In my conversation with Ross of United States delegation, I asked whether consideration had been given to sending someone of the character of Bunche to get in touch with Peiping, with the authority to state that existence of Chinese interests in Yalu River area was recognized and that he was prepared to discuss methods of protecting them. I reminded Ross that Bernadotte had not been able to begin his negotiations on truce agreements in Palestine until he simply announced that he was coming to various capitals in area and requested safe conduct for his plane. Ross agreed that only assurance Chinese had that their interests would be protected lay in public statements of Acheson and Austin, and that no effort had been made to put these assurances in more concrete form. He seemed interested in the idea that, even in advance of decision being taken on Security Council resolution, effort might be made to send someone to work out a truce with Chinese. I could not, however, get any response to this idea from either Jebb or Lacoste. Nor were any of them prepared to contemplate, at this moment, an alternative or supplementary resolution in the Security Council calling for a cease-fire in border area. They all considered that a cease-fire which did not set up machinery to make sure that no more Chinese troops crossed river and which did not also require withdrawal of Chinese troops already in Korea, would be greatly to advantage of Chinese and would never be accepted by military authorities.

156. DEA/50069-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 395 New York, November 14, 1950

SECRET. IMPORTANT.

Repeat Washington No. 52.

KOREA

Following from Riddell, Begins: Present intention is that discussion on Korea shall be renewed when Security Council meets on Thursday afternoon, but simply for the purpose of hearing three speakers who are already on the list. When these speakers have been heard, Palestine item will be resumed. No effort will be made to reach a vote on the Korean resolution before the Security Council on Thursday, and discussion will not be resumed until next week, possibly Tuesday. It is hoped by that time that Peiping representatives will have reached New York and that they may be persuaded to appear in the Security Council to discuss Korean item.

2. United Kingdom delegation has sent urgently to London for assistance from someone who speaks type of Chinese which is thought to be speech of delegates and, if possible, who has had some contact with them. There is some apprehension here that Chinese delegates will merely make formal appearances at meetings, and that personal or informal contact with them will be difficult.

3. I have canvassed suggestions contained in Department's telegrams No. 267 and No. 268 of November 11th with all delegations mentioned except Philippines. I have not spoken to Romulo because it does not seem to be worthwhile taking the very great risk of having him relay the conversation to the press as is his habit. None of the other delegations consulted consider that circumstances here at the moment provide an appropriate setting for a proposal of the kind suggested in your telegram No. 267. Ends.

157. DEA/50069-A-40

Aide Mémoire des États-Unis

United States Aide Mémoire

[Ottawa], November 14, 1950

The United Nations forces in Korea are confronted with a grave problem in the use of Manchurian territory as a privileged sanctuary for enemy forces which are in fact attacking United Nations forces in Korea itself.

This problem arises in two respects. First, ground forces can move into Korea and supply themselves from bases and lines of communication which are largely sheltered by the immunity of Manchurian territory. Secondly, aircraft, the nationality of which is not always known, operate from Manchurian fields, dash into Korean air space to strike at United Nations air and ground forces and then fly to safety behind the Manchurian border a very few minutes away.

The United Nations Commander has the strictest orders about violations of Manchurian territory as well as orders to use extreme care in operations near the frontier itself to insure that hostilities are restricted to Korea. This determination to abide by the rules imposes a most serious handicap in the face of a enemy willing not only to break the rules but to exploit the proper conduct of the United Nations forces.

The United States Government is determined for its part to do everything possible to localize the conflict in Korea. This is illustrated by the rigorous instructions to its commanders in the field as well as by efforts made to adjust accidental intrusions into Chinese territory by offering compensation for damages, etc. It is obvious, however, that the abuse of Manchurian territory by the enemy could easily impose an intolerable burden upon the United Nations forces operating lawfully and properly on United Nations missions in Korea. Therefore the United States Government wishes to inform the Government of Canada that it may become necessary at an early date for United Nations aircraft to be allowed to defend themselves in the air space over the Yalu River to the extent of permitting hot pursuit of attacking enemy aircraft up to two or three minutes flying time into Manchurian air space. It is contemplated that United Nations aircraft would limit themselves to repelling enemy aircraft engaged in offensive missions into Korea. The United States Government believes this would be a minimum reaction to extreme provocation, would not itself affect adversely the attitude of the enemy toward Korean operations, would serve as a warning, and would add greatly to the morale of United Nations pilots who are now prevented from taking even minimum defense measures and for whom in the case of bomber pilots it is impossible under existing conditions to provide adequate air cover.

S. W[OODWARD]

158. DEA/11073-40

Aide Mémoire[64]

Aide Mémoire[64]

SECRET Ottawa, November 16, 1950

The Canadian Government agrees with the United States Government that everything possible should be done to localize the conflict in Korea. The Canadian

[64] L'essentiel de ce document a tout d'abord été communiqué de vive voix à John D. Hickerson à Washington et à Stanley Woodward à Ottawa le matin du 15 novembre 1950.
The substance of this document was first delivered orally to John D. Hickerson in Washington and Stanley Woodward in Ottawa on the morning of November 15, 1950.

Government also agrees that the abuse of Manchurian territory by the enemy could impose an intolerable burden upon the United Nations forces operating lawfully and properly on United Nations missions in Korea.

2. The immediate question is whether the burden has now become, or is likely shortly to become, so intolerable as to make it necessary for United Nations aircraft to pursue attacking enemy aircraft up to two or three minutes flying time into Manchurian air space. The answer to this question involves, of course, the careful balancing of purely military considerations against the political consideration that combat operations in Manchurian air space will increase the risk of the extension of hostilities.

3. In order to lessen the risk that the step which the United States Government has proposed would lead to an extension of hostilities and in order to give the Chinese Communists an opportunity to discontinue the present abuse of Manchurian air space by hostile aircraft, the Canadian Government considers it important that, before the United Nations Commander-in-Chief is instructed to permit pursuit, the Chinese Communist Government should be given notice in appropriate terms, preferably by a representative of the Unified Command in the Security Council, that, if hostile aircraft continue to use Manchurian air space, United Nations aircraft will naturally have to defend themselves in the air space over the Yalu River to the extent of pursuing attacking enemy aircraft.

4. Such a notice might also help us to determine the real intentions of the Chinese Communists. If they take measures to stop the use of their air space by hostile aircraft, this will to some extent indicate a desire to limit the conflict on their Korean border.

5. It might also be useful if a representative of the United Nations could establish direct contact with representatives of the Chinese Communist Government with a view to discussing border problems arising out of the present situation in North Korea.

6. It would therefore seem to the Canadian Government to be wise to delay a decision whether or not United Nations aircraft should be authorized to pursue hostile aircraft into Manchurian air space until reasonable time has been given for the Chinese Communist Government to show whether or not they intend to heed this warning notice.

7. In spite of the case which could be made under international law that the United Nations Commander-in-Chief has the right to authorize United Nations aircraft to pursue attacking aircraft into Manchurian air space, the Canadian Government considers it most important that no military operations take place outside Korean borders without specific authority from the United Nations.

A.D.P. HEENEY

159. DEA/50069-A-40

Note du sous-secrétaire d'État suppléant aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Deputy Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs

SECRET [Ottawa], November 14, 1950

KOREA: U.S. AIDE MÉMOIRE OF NOVEMBER 14

Mr. Wrong telephoned me from Washington at 3:45 to state that he had taken the matter up with Mr. Hickerson of the State Department.

2. Hickerson explained that we were one of five or six countries which had received the aide mémoire along with a request for our observations. The United States Ambassadors at these five or six posts were instructed, however, that they were to make it clear that they were not asking for concurrence in the proposed course of action. A number of other posts were instructed to give the information in the aide mémoire to the local foreign office but not to seek their observations.

3. The United States does not intend to take the matter to the Security Council. The United States argument is that the power to permit hot pursuit is based upon admitted rules of international law. They further emphasize that it is essential that they maintain air superiority over the border.

4. Mr. Hickerson insists that this policy of hot pursuit should not be interpreted as a step towards anything else, such as the bombing of airfields in Manchuria.

5. Mr. Hickerson is inclined to think that General MacArthur has not yet been instructed that he has authority to permit hot pursuit.

6. When Mr. Hickerson was informed by Mr. Wrong that Mr. Gross of the United States Delegation in New York had said last week that General MacArthur could not take any measures outside the Korean borders without specific United Nations authority, Mr. Hickerson said that this was not the view of the United States. In the view of the United States, the only limitation on General MacArthur was the one contained in the original Security Council resolution, which refers to the Korean area.

7. I said that, if this was the line taken by the United States, then General MacArthur or the United States Government presumably had the right to authorize the bombing of airfields in Manchuria. Mr. Wrong agreed. When I went on to say that this argument could also be pushed to mean that he had authority to bomb Peiping, Mr. Wrong disagreed.

8. I told Mr. Wrong that I had had a chance to mention to Mr. Pearson that we would be telephoning him later this afternoon on this question after we have had a chance to consult with Mr. Wrong and with Mr. Riddell. I said that Mr. Pearson's immediate reaction was that there should be no hot pursuit until the Communist Chinese had been warned that, if hostile planes continue to use Chinese air space, the United Nations Commander-in-Chief would have to permit hot pursuit. Mr.

Pearson added that this warning should preferably be given through the United Nations.

9. Mr. Wrong was not impressed by the advisability of our saying this to the United States. I added that he would shortly be receiving from us a repetition of a telegram† from London which they had asked us to treat with great discretion, stating that the British, like us, were also pressing the idea of the creation of a neutral buffer zone. I added that the creation of such a zone might be made more difficult if, in the meantime, air operations were authorized in Chinese air space.

E.R[EID]

160. DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET Ottawa, November 20, 1950

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KOREA

(C.F. Heads of Divisions Meeting No. 46 of November 13, 1950).

48. *Mr. Collins.* A United States Army spokesman reported on November 17 that identified movements of Chinese forces into Korea have slackened, although there may have been unreported movements at night. The Chinese in Korea have insufficient heavy equipment for offensive operations, although they might conduct a fairly protracted holding campaign. The lull in active fighting is continuing and the military purpose of the Chinese intervention remains obscure.

49. There has been no further debate in the Security Council on the resolution calling on the Chinese Communists to withdraw their nationals. In a speech at Windsor, Mr. Pearson, referring to the dangers of hostilities spreading beyond Korea as a result of Chinese intervention, declared that the Korean fighting should be "confined and localized". If that is not possible, the policy "should avoid giving anyone else an excuse for extending it".

50. The United Kingdom has proposed to the State Department the establishment of a demilitarized area along the Manchurian border from which all foreign forces would be withdrawn.

51. During the week both Mr. Acheson and Mr. Truman publicly reassured Peking that the United States and the United Nations have no ulterior designs in Manchuria. The Peking Government, however, in a note to the United Nations declared their aid to North Korea was, "natural, just, magnanimous and lawful", because it was designed to repel "American aggression", and unless the United States withdrew its troops from Korea, the Chinese struggle "would never cease". Meanwhile, Mr. Panikkar reported that the Soviet representative in Peking told him that if the United States bomb Manchurian bases, the Soviet airforce would go into action. (SECRET)

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161. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-2383 Ottawa, November 22, 1950

SECRET

KOREA

1. You will have noted the suggestion in telegram No. 414 of November 18† from Paris that the French authorities would consider it helpful if we were to lend our assistance to the representations being made in Washington by the British and French on the subject of a demilitarized zone in North Korea.

2. We have, of course, made our general views known in connection with our own earlier suggestion regarding the possibility of establishing limited demilitarized areas around the hydro-electric installations. It might be useful, however, if you could find the opportunity to discuss with the State Department the feasibility of the more recent scheme for a neutralized strip along the entire border, indicating our support for some arrangement along these lines. Now that United Nations forces have actually reached the border, the United Nations is in a better bargaining position for negotiations with the Chinese Communists since withdrawal of the United Nations forces could be made contingent upon a similar withdrawal across the border of the Chinese now in Korea. Moreover, the offer of such withdrawal on the part of the United Nations would serve as concrete evidence of the lack of hostile intentions as far as China is concerned.

162. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3025 Washington, November 22, 1950

SECRET. IMPORTANT.

Repeat Candel No. 58.

KOREA

1. When seeing Rusk on Formosa today I asked him for the latest information on some of the issues respecting Korea.

2. With regard to the "hot pursuit" proposal (which he said should be more correctly called the application of the principle of self-defence), he said that everyone

in the State Department shared the apprehensions over the possible consequences expressed by the Canadian and other Governments which had made observations. The proposal would only be brought into effect in the event of serious military necessity. The main concern was that the complete air supremacy of the United Nations forces had resulted in an almost total absence of air defences behind the United Nations lines. Roads were jammed and supply depots exposed to air attack. If there were large-scale bombing operations from Manchuria against these lines, the military results could be very serious if air-fighting continued to be limited to Korean air-space only. There had, however, been little air activity from Manchuria for a week or more, and he hoped that the need to apply the proposal would not arise. He remarked that if the need did arise it would be impossible to justify a delay until specific authority could be given by the United Nations.

3. On the British suggestion for a demilitarized zone he said that it would prolong the agony in Korea if the very large no man's land suggested by the British were to be accepted and would create a number of difficult problems of administration and pacification. It also was quite out of the question to give the Peking Government by agreement a measure of authority in any Korean territory. They did not, however, dismiss the idea of a narrow zone along the Yalu River from the point already reached by United States forces down to the mouth. The best defensive line in that area is the high ridge some ten miles back from the river, which commands the river valley. An offensive by United Nations forces is imminent, and if it can reach this ridge the main positions would be established there and the area up to the river would be covered only by patrols, possibly of South Koreans. The intention was that substantial formations of United Nations forces should not be stationed along the south bank of the river.

4. He also said in this connection that the present military intention was not to seek to penetrate into the north-eastern province adjacent to the Soviet frontier. The highest mountains and most difficult country in Korea lie between the present United States position on the Yalu and the sea of Japan to the south-east. Both military and political considerations therefore pointed to the establishment of a defensive line in this area a long way back from the Soviet frontier.

5. I asked him about negotiations with the Chinese. He said that there would be no lack of people seeking to establish contact with the delegation to Lake Success on its arrival. The United States would be willing to talk to them but would not seek a direct contact themselves. He thought it best to leave it to the British and others to explore the possibilities. I mentioned to him that Lie was prepared to make Bunche available as a negotiator with Peking. He only remarked that there seemed to be a sufficient number of candidates.

6. He confirmed that it is their intention to proceed with the Korean resolution in the Security Council perhaps in a week or two.

163. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3035 Washington, November 25, 1950

SECRET

Your EX-2383 of November 22nd. Korea.

1. This message crossed the report included in my WA-3025 of November 22nd of my talk with Dean Rusk on the same subject. When I opened with Rusk the question of a possible demilitarized zone, I told him that the suggestion had aroused interest in Ottawa and that the Canadian Government hoped that something would come of it. I think it unnecessary to make a further approach to the Department of State in view of my conversation with him and also in view of the opening on Thursday of a major offensive by the United Nations forces. It is clear to me that it would be fruitless to push the proposal in the terms originally put forward by the British, as this would require a cessation of operations which are now under way with the object of establishing a defensive line in the high ground south of the Yalu River and thence to the Sea of Japan. If the operations succeed, something might be done with respect to the area between this defensive line and the actual frontier, although I do not believe that support could be secured for "neutralizing" the area between the frontier and the United Nations positions. Possibly some early demilitarization measures in this area might be acceptable.

2. On the question of hot pursuit, I indicated in my WA-3025 that in Rusk's view the United States suggestion should have been based on the international doctrine of self-defence or justified reprisal rather than on the doctrine of hot pursuit. He remarked that when the message putting forward the suggestion was drafted their experts in international law happened to be absent from Washington, but they had now studied the question and have considered that there would be justification in international law for trespassing in Manchurian air-space in the circumstances described by him, as a necessary means of self-defence. You will have noted that Rusk described the circumstances in which such trespass might become necessary in more restrictive terms than had been used in previous discussions with the State Department.

3. It is certainly the hope and desire of Mr. Acheson and other responsible senior officials that there should be no military action in or over Manchurian territory. It is also their hope and desire that the United Nations forces should not immediately face Chinese forces across the Yalu River, although they consider military victory must be secured over the remaining hostile forces in Korean territory. If the present offensive succeeds rapidly, there may be some prospect of arranging for a demilitarized zone of greater depth than the strip between the Yalu and the mountain barri-

ers along its course. That must depend, of course, in part on the Chinese reaction to the victory which the Unified Command expects to win promptly.

4. In your EX-2383 reference is made both to "a demilitarized zone" and to "a neutralized strip". Am I correct in assuming that the adjectives were used interchangeably? The establishment of a neutralized area would seem to necessitate the assumption in it by the United Nations of responsibility for civil administration, possibly for an indefinite period.

164. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], November 29, 1950

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KOREA; PRESENT POSITION

11. *The Minister of National Defence* said that recent reports indicated that 200,000 Chinese Communist troops and 41,000 North Koreans were now actively engaged against U.N. forces of a ground combat strength of about 260,000. The powerful enemy counter-attack had caused a general withdrawal in the western and central fronts. Air observations indicated a continuous stream of enemy troops moving southward toward the right sector of the U.N. western positions.

General MacArthur had reported that all hope of confining the Korean conflict to enemy forces composed of North Korean troops could now be abandoned and the general situation was regarded as extremely grave.

12. *Mr. Claxton* pointed out that, while initially Chinese Communist intention might have been merely to safeguard Chinese interests in Manchuria and to exert pressure on the United Nations to obtain other concessions, if the reported scale of present Communist Chinese action were to be accepted, it would indicate that the latter's intentions were more aggressive and might indicate a resolve to drive U.N. forces from the whole of Korea.

The extent to which Chinese Communist action in the area had been dictated by the Soviet Union was not clear but in any event these actions had received Soviet support and had served the interests of the Soviet Union in Asia and in the West in that the continued containment of U.N. forces in Korea would delay the setting up of an integrated force in Europe and leave the Soviet Union a free hand in the rest of the world. The Soviet Union might continue to support Chinese Communists in Korea by all methods short of direct military participation or, on the other hand, might use any violation of Chinese Communist territory by the U.N. forces as an occasion for direct military intervention. U.N. forces might be able to hold defensive positions for a reasonable time, but should Communist forces be substantially reinforced by reserves now available in Manchuria and North China, the U.N. position could become untenable.

For the second time since the outbreak of hostilities in Korea, U.S. military intelligence had shown an almost complete failure to anticipate events. General MacArthur had taken the view all along that there was no possibility of Communist China intervening. Now that it had done so, he appeared to be asking permission for U.N. troops to cross the Manchurian border with the possibility of full scale warfare with China and potentially disastrous results. His belief that Communist China would not intervene seemed to have been based to a large extent on his conviction that the air forces at his disposal were capable of destroying major Chinese cities by conventional bombing methods. Consequently, pressure for this kind of action might well be anticipated.

(National Defence memorandum, Nov. 29, 1950)†

13. *The Secretary of State for External Affairs* agreed that the U.N. command had failed to anticipate Chinese intentions or to take into account the effect of its policies on such intentions.

It was recalled that, on a number of occasions both in Washington and the United Nations, Canada had expressed concern over the possibilities of reckless action in Korea and had done whatever possible to discourage aggressive or provocative moves in an attempt to confine the extent of hostilities. All information received up to the launching of the Chinese attack indicated that General MacArthur had regarded his recent offensive as a mopping-up operation. The Canadian Ambassador in Washington had reported that the large scale Chinese offensive came as a complete surprise to the State Department and presumably to the Pentagon as well. Indications were that the reference to the United Nations in the final paragraph of MacArthur's communiqué was not discussed with the State Department in advance and probably was inserted by him on his own authority. It did not appear that he had yet requested permission to bomb Manchurian territory. Unless there was a great military disaster, a winter campaign now seemed to be inevitable, with probable appeals for the dispatch of further troops.

The Canadian Ambassador to the United States had reported that Senator Austin had been authorized from Washington to make a charge of "open and notorious aggression" against the Peking Government in the Security Council yesterday. The present U.S. intention appeared to be to press for a vote on the Korean resolution already before the Security Council, calling on all states and authorities to cease giving assistance to the North Korean forces and to withdraw any of their nationals or units, rather than to introduce a new resolution.

(Telegram WA-3058, Canadian Ambassador to the United States, Nov. 28, 1950)†

It could be assumed that this resolution would be vetoed by Russia. The matter in all probability would then be referred to the Assembly which might be asked by the United States or some other delegation to declare Communist China an aggressor and to recommend the taking of appropriate action.

14. *Mr. Pearson* said Canada had now to consider what could be done to assist in a satisfactory solution and prevent the outbreak of a general war with Communist China.

The resolution at present before the Security Council provided a good possible basis for initial action. Since the United States had now charged Communist China with aggression in Korea and since the latter had denied government action to send troops into Korea, the resolution might be amended to instruct the U.N. Commission on Korea to make an on-the-spot investigation of the situation and to call on the Council to order a cease-fire in order to make such an investigation possible. If the six-power resolution, as amended, was vetoed in the Security Council, it could be introduced in the First Political Committee of the Assembly. Meanwhile, discussions might proceed in private with the Chinese Communist representatives in New York and possibly at the same time through Mr. Nehru in New Delhi or his representative in Peking. Another course might be to send a U.N. committee to China to negotiate with representatives of the People's Government. Initially, an attempt might be made to secure agreement to proposals along the general lines made by the United Kingdom two weeks ago for the creation of a demilitarized area north of what is known as the waist of Korea. The U.N. forces might have to retire to this line for strategic reasons. If they could re-group themselves without retiring to this line, then the United Nations would be in a better bargaining position with the Chinese since withdrawal to the proposed line could be made a *quid pro quo* for Chinese Communist withdrawal from North Korea.

The main objective should be to get at least a *de facto* cease-fire in order to create an atmosphere in which private negotiations might have the best chance for success.

It was most desirable to delay any formal decision by the General Assembly as, once an aggressor was labelled, the door would be closed to a settlement or even an attempt at a settlement. If all efforts towards this end should fail, then consideration would have to be given to what further action could be taken.

It would be extremely dangerous if the United States tried to force the United Nations to authorize military operations which they were at present incapable of bringing to a successful conclusion. It would be equally dangerous if the United States felt compelled to take action on its own, or, conversely, if a number of member nations divorced themselves from decisions taken by the United Nations.

(External Affairs memorandum and attachments, Nov. 29, 1950)†

15. *The Prime Minister* suggested that, if a U.N. committee were sent to Communist China to negotiate, this would constitute *de facto* recognition of the Peking Government.

16. *Mr. Pearson* pointed out that *de facto* recognition had already been granted in inviting a Chinese Communist delegation to attend for discussions.

17. *The Cabinet*, after further discussion, noted the reports of the Minister of National Defence and the Secretary of State for External Affairs on the military and international situation arising out of recent events in Korea.

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165. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1867 Ottawa, November 30, 1950

SECRET. IMMEDIATE.

Addressed Washington EX-2445; Candel No. 627.

CHINESE INTERVENTION IN KOREA

Following from Under-Secretary, Begins: The following are the main points in a memorandum† put to the Minister this morning which now has his general agreement and that of the Prime Minister. This for the present is for your own information only.

(1) The 6-power resolution now before the Security Council provides the best basis for initial action. We hope there may be an opportunity in the near future for the United Kingdom to bring forward publicly, perhaps in the Assembly, their proposal for a demilitarized zone. Even without a public statement on this question every effort should continue to be made to have private discussions with the Chinese Communist representatives in New York in an endeavour to secure their agreement to some eventual solution along these lines.

(2) The main objective at the moment must be to get at least a *de facto* cease fire in order to create an atmosphere in which private negotiations might have the best chances for success. After the 6-power resolution is vetoed in the Security Council the United States may press to have the question transmitted in some form to the Assembly. Even if the United States does not insist on a stronger version for the Assembly, the 6-power resolution is not entirely compatible with the idea of a cease fire and it would therefore be highly desirable if some means could be found to introduce the cease fire idea into the picture before the Assembly embarks on a discussion of the 6-power resolution. A resolution might, for example, be introduced in the Security Council calling for a cease fire pending an examination of the issues, or if this is impossible, the call for a cease fire might be introduced in the Assembly.

(3) The adoption of a cease fire would provide at least the opportunity for direct negotiations between representatives of the United Nations and of the Chinese Communist Government.

(4) Every effort should be made to avoid any formal decision at this time by the United Nations that Communist China is an aggressor, since once Communist China is labelled an aggressor the door will be closed to a settlement of the issues of Formosa and of Chinese Communist representation in the United Nations, which are intimately bound up with the problem of Chinese intervention in North Korea.

(5) In the event that it becomes impossible after a period of delay to refuse to label Communist China an aggressor, any resolution doing this should be conditional in that it would state that the Chinese Communists would be deemed to be an aggressor if they had not by a certain date complied with certain decisions of the United Nations, such as an appeal for a cease fire.

(6) After that date had passed, the Assembly might then recommend to its members to impose all the non-military sanctions against Communist China and urge them to give sufficient support to the Unified Command to enable it to hold a line at the waist of Korea and protect the rest of Korea against Chinese aggression, pending a satisfactory political solution.

166. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Inde

Secretary of State for External Affairs
to High Commissioner in India

TELEGRAM 165 Ottawa, November 30, 1950

SECRET. IMMEDIATE.

Reference my immediately preceding telegram.†
Following is the text of message to Prime Minister Nehru, Begins: I am returning shortly to the United Nations Assembly, but before leaving Ottawa I wanted to send you this personal message. I should tell you, in the first place, how much I have enjoyed working with Sir Benegal Rau and your delegation since the Assembly opened. Our judgments have not always been the same, but we have always had the same objectives in mind and found that our views were usually pretty close together; especially on the paramount necessity of localizing and ending the conflict in Korea, in a way which will both discharge our obligations under the United Nations Charter and satisfy Asian public opinion.

2. These hopes have been, temporarily at least, rudely shattered by the developments of the last few days, and there is now, of course, grave possibility that the war in Korea may be extended, with unpredictable and calamitous consequences. From your published letter to Mr. Liaquat Ali Khan a few days ago, I know that you share our anxiety over this possibility. The intervention by Chinese forces in Korea, with the violent and provocative defence of that action by the representative of the Chinese Communist Government at the Security Council, may cause such a strong reaction in United States public opinion that irrevocable and unwise military decisions may be taken before there is an opportunity for more cautious counsels to prevail. In this critical situation, I am wondering whether an intervention by you might not effect a pause which would provide an opportunity for a peaceful settlement to be reached. You occupy a unique position as the most influential leader of Asian opinion, and at the same time you command a great fund of good will and admiration in western countries. You have also consistently urged the necessity of

seeking peaceful solutions through mediation and conciliation. For these reasons your voice would have more chance of being heard above the frightening clamour than that of anyone else in the world today.

3. What I have in mind is that you might consider making a public appeal for a cease fire in Korea, and for the cessation of Chinese armed intervention, so that the possibilities of a settlement in which the Government in Peking could participate, might be explored. This appeal might also be accompanied by parallel action by the Indian Delegation in the United Nations. If hostilities were then temporarily arrested in Korea a meeting might be arranged with representatives of the Peking Government and of certain members of the United Nations, possibly in India, under which a political settlement could be worked out. I appreciate, of course, that it might be difficult for you to make such an appeal, especially if you did not have grounds for believing that it would meet with wide support. I certainly am not in a position, nor is anyone, I suppose, in a position to give you any assurance that such support would be forthcoming, especially from the United States, where the reaction to recent events, while it has been ordered and restrained in Administration circles in Washington, has been somewhat more violent in other quarters. My own opinion, however, is that an appeal of this kind from you would get a very deep and sympathetic reception in many capitals and, more certainly and possibly more importantly, in the hearts of many millions of people. My justification for making this proposal is our own very friendly personal relationship, which I cherish, and the tragic dangers that are implicit in the present situation.

4. I should add that I have shown this message to my Prime Minister. Mr. St. Laurent, who sends you his warm good wishes, feels that you will undoubtedly already have considered what action, if any, you could take in the present circumstances, and that, therefore, any suggestions from me on this matter may be unnecessary. But he feels also, and I share his feeling, that you will not misunderstand my motives in sending you this message.

5. Kindest personal regards. Message ends.

167. DEA/50069-A-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 278 New Delhi, December 2, 1950

TOP SECRET. IMMEDIATE.

Reference your telegram No. 165, November 30th, and reference my telegram No. 275, December 2nd,† your personal message to Nehru.
Following is the text of personal message from Nehru to you. Text begins:

Thanks very much for your letter of December 1st, which your High Commissioner conveyed to me yesterday. I have given your suggestion that I make a public

appeal for a cease-fire in Korea and for cessation of Chinese armed intervention, the most careful consideration in consultation with my colleagues. You need no reminder of my readiness to do whatever I can to help the cause of peace. Ever since this Korean conflict began, we have been exerting ourselves for localization of conflict, sometimes by suggestions which have brought us much misunderstandings and criticisms. Personally, I do not mind these, and am always prepared to take the risk for a cause which is just and which, indeed, in the present case may involve the future of mankind and of civilization. I feel reluctant, however, to make a public appeal unless there is a reasonable chance of a favourable response to it from parties to whom the appeal is addressed. I am by no means sure that in the present situation either Peking or Washington would take such an appeal in good part. Moreover, since you telegraphed to your High Commissioner, Mr. Attlee has undertaken a mission of peace to Washington, and I think you would agree that it would be wise for us to wait until he has had a chance of discussing the matter with President Truman. For your information, I am asking Mr. Chipman to repeat to you a personal telegram that I have addressed to Mr. Attlee. That will apprise you of my thinking. If you have any comments on my intention to make a short statement to our Parliament, next Monday, on lines that I have indicated to Mr. Attlee, I should be happy to receive and consider them.

In conclusion, let me assure you that I have not in the least misunderstood your initiative. Indeed, it is heartening to me to know that we are all thinking hard how best to save the world from the catastrophe of another major war, and resolved to do our best to accomplish that purpose.

Please convey my best wishes to your Prime Minister. I hope to see you both in London early next month.[65]

Kindest personal regards. Text ends.

My two following telegrams† contain a copy of Nehru's personal message to Attlee.

[65] Une réunion des premiers ministres du Commonwealth a été convoquée pour janvier 1951.
A Commonwealth Prime Ministers' Meeting was scheduled for January 1951.

168. DEA/50069-A-40

Note de l'ambassade des États-Unis

Memorandum from Embassy of United States

SECRET [Ottawa], December 2, 1950

CHINESE INTERVENTION IN KOREA

Memorandum from the United States Embassy left by Mr. Bliss with Mr. Ritchie at 10:00 a.m. today. This memorandum is a circular instruction sent by the State Department to all the members of the Security Council except Russia and to all countries participating in Korea.

In light Soviet veto of 6-power resolution on Korea we can see at this time no rpt no further fruitful action which can be taken in SC. Attitude of Chinese Commie representatives has been completely intransigent and non-conciliatory. Efforts that have been made by various delegations which have recognized Peiping regime to consult with these representatives have been repulsed, and representatives in New York are being isolated from contact with all delegates except that of Soviet. Under these circumstances best way of bringing to bear full weight of world opinion is by airing in forum of GA real nature and gravity of Chinese intervention in Korea. At present time it is only in this way that we feel that any influence can be exerted on future action of Chinese Commie govt and Chinese people.

Furthermore, in light of Soviet veto, to bring case before GA is fully in conformity with concepts which underlie resolution adopted at this session of GA called "uniting for peace".[66] Having adopted that resolution by such an overwhelming vote, it would be almost inconceivable for members of UN to sit by in inactivity after 6-power resolution has been defeated in SC by Soviet veto.

Furthermore, US believes that we should exhaust in all processes for reconciling differences and bringing about peaceful settlement.

In our view most effective manner of bringing matter before GA would be to have six sponsors of vetoed SC resolution join in proposing a new item on assembly's agenda, "intervention of the central govt of the people's republic of China in Korea" as a matter of importance and urgency. In New York consultations it has been suggested and we agree that first step in GA consideration should be adoption of vetoed SC resolution. Depending on new developments, views of other delegates and response of Chinese Commie govt the GA might wish to make further recommendations or modify or expand that resolution.

Request you take up on urgent basis with Foreign Office our attitude on this question with view to having govt to which you accredited issue instructions to its UN delegation to join with US in referring matter to GA. We would have in mind suitable announcement by 6-powers that we were agreed to refer matter jointly to GA at earliest possible date and thereafter formally to propose agenda item to SYG.

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[66] Voir le chapitre III, 3e partie, section C./See Chapter III, Part 3, Section C.

169. DEA/50069-A-40

Note du sous-secrétaire d'État suppléant aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Deputy Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], December 2, 1950

CHINESE INTERVENTION IN KOREA
STATE DEPARTMENT MEMORANDUM OF TODAY'S DATE

I have told Mr. Bliss that I would phone him after 6:00 p.m. and give him our comments on the memorandum which he left this morning. I suggest that I might make orally to him the following points:

1. We are glad to note that the United States view is that the first step in the consideration by the General Assembly should be the 6-power resolution which has been vetoed in the Security Council.

2. We consider it most important that every effort should be made at this stage to avoid any formal decision by the United Nations that Communist China is an aggressor.

3. In the light of the situation as we know it at present, we agree that there appears to be no further fruitful action which could be taken by the Security Council. The situation might, however, change.

4. While we agree that the action proposed by the United States is in conformity with the concepts which underlie the "uniting for peace" resolution, we do not consider that it is necessary or wise, in referring the matter to the General Assembly, to link it to this resolution.

5. There should be no effort to press for an early vote in the Assembly on the 6-power or any other resolution. The timetable should be kept flexible, since it must depend on the progress of diplomatic discussions.

E. R[EID]

170. DEA/50069-A-40

Télégramme par le secrétaire d'État aux Affaires extérieures

Telegram by Secretary of State for External Affairs

SECRET. IMPORTANT. Ottawa, December 2, 1950

Addressed Paris No. 446; Brussels No. 221; The Hague No. 142; Oslo No. 88; Ankara No. 65; Canberra No. 156; Wellington No. 117; Cape Town No. 68; New Delhi No. 167; Karachi No. 87.
Repeat Candel No. 367.

KOREA

Please transmit to the government to which you are accredited the secret memorandum set forth in my immediately following telegram. In doing so, state that we are most anxious at this time to keep in closest possible touch with them on this question and that we would welcome an expression of their views. Add that we are giving copies of the memorandum to the governments of: Australia, Belgium, France, India, the Netherlands, New Zealand, Norway, Pakistan, South Africa, Turkey, the United Kingdom and the United States, and to the Celonese High Commissioner in London for transmission to his government.

171. DEA/50069-A-40

Télégramme par le secrétaire d'État aux Affaires extérieures

Telegram by Secretary of State for External Affairs

SECRET Ottawa, December 2, 1950

Addressed as *Immediate*: London No. 1886; Washington EX-2467; Candel No. 368.
Addressed as *Important*: Paris No. 447; Brussels No. 222; The Hague No. 143; Oslo No. 89; Ankara No. 66; Canberra No. 157; Wellington No. 118; Cape Town No. 69; New Delhi No. 168; Karachi No. 88.
My immediately preceding telegram.

MEMORANDUM ON KOREA

1. Ever since the decision was made to resist the aggression on Korea, the determination of the democratic powers has been to use their utmost endeavours to limit hostilities in the Korean area and to have them come to an end as quickly as possible. The only country whose interests would be served by a war with China would be the Soviet Union.

2. A war with China would commit to this theatre of operations a dangerously large proportion of the limited armed resources of the democratic powers at the expense of other fronts such as Western Europe, where the Soviet Union may intend to conduct its major campaign if a third world war should break out.

3. There is danger that a war with China would lead to Soviet armed intervention to assist China since the only assumption on which we can safely proceed is that before the Chinese Communist Government decided to intervene in force in Korea it had received from the Soviet Union assurances of assistance in the event of U.N. military retaliation against China.

4. The situation in Korea must therefore be looked at in the light of global strategy and of the present balance of armed forces between the Soviet world and the democratic world. Given determination by the democratic world, time is on our side and we should therefore play for time so long as we can do so without denying our obligations under the United Nations Charter.

5. It is moreover essential that public opinion not only in the Americas but in Western Europe and in the democratic states of Asia, should be convinced that we

are doing everything we possibly can to avoid war. If despite all our efforts China and the Soviet Union should precipitate a war, it is essential that the democratic nations should be united in their resistance to aggression. This end would be more difficult to achieve unless there had been sustained common efforts to avert a catastrophe.

6. The door should therefore be left open until the last possible moment for a settlement with the Chinese Communists by negotiation. Consequently any formal decision by the United Nations at this stage that Communist China is an aggressor would, we think, be unwise.

7. Meanwhile every opportunity for discussion of the issues with Communist China should be explored. Once the military situation has been stabilized, a cease fire might be attainable. This might be followed by the creation of a demilitarized zone. In these conditions, a modus vivendi might be sought by negotiation. In this connection consideration might have to be given to the other related aspects of the Chinese problem, such as Formosa and Chinese representation in the United Nations.

172. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Inde

Secretary of State for External Affairs
to High Commissioner in India

TELEGRAM 172 Ottawa, December 4, 1950

TOP SECRET. IMMEDIATE.

Following is the text of the personal message from me to Mr. Nehru which is referred to in my immediately preceding telegram.† Message Begins:

1. I am obliged to you for your message of 2nd December and for the careful and friendly consideration which you gave to my personal suggestion. I understand fully your reluctance to make a public appeal for a cease-fire in Korea and for the cessation of Chinese armed intervention at a time when it is very uncertain how such an appeal would be received either in Washington or in Peking. The diplomatic situation, as you point out, has also been substantially changed by the announcement of Mr. Attlee's visit to Mr. Truman, which will provide an opportunity for opinions in close consonance with those entertained here and by your Government to be urged on the President. In the meantime, I think that a statement of a more general kind, such as is suggested in your message to Mr. Attlee, would be highly useful.

2. I am encouraged to note that we seem to be thinking along very similar lines at this moment of grave crisis. This similarity of outlook seems also to extend to the question of using the atomic bomb in Asia. In a statement which I made this morning at the opening of a Federal-Provincial Conference here, I touched on this ques-

tion; and I am asking Chipman to give you a copy of what I said on that occasion at the same time as he gives you this message.[67]

3. I am not likely to be accompanying Mr. St. Laurent to London for the meeting of Commonwealth Prime Ministers; but I may be in Europe at that time for a North Atlantic Council meeting. If so, I will look forward very warmly to seeing you again. Message Ends.

173. DEA/50069-A-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], December 4, 1950

MEMORANDUM ON KOREA

I attach a copy of the secret memorandum on Korea which has now been delivered to the Foreign Offices of twelve countries.

2. I should like to have your permission to instruct our missions in a number of other countries to give the memorandum to the local Foreign Office. It seems to me that on balance it would be wise to give it to the Foreign Offices of all countries which are members of the U.N. and where we have a mission, with the exception, of course, of the USSR, Poland, and probably Yugoslavia.[68] We have found in the past that a number of the delegations in New York, especially from some of the Latin American countries, act very often without much instruction and guidance from their home office. They are therefore peculiarly subject to United States pressure.

3. It would therefore, it seems to me, be useful if the Foreign Offices of these countries in particular had copies of our memorandum since this might strengthen their hand in giving useful instructions to their delegation in New York.

4. From the information which we now have available, it looks as if the general approach set forth in our memorandum is very much the same as the general approach of the other Commonwealth countries, and the Western European countries. Consequently I do not think that we would be in much danger of getting out on a limb by letting all the friendly governments at which we are represented have a copy of the memorandum.

5. There is one general consideration which I think is important here and that is that we should in a period of crisis such as this do our best to ensure that we make the fullest possible use of our missions abroad.

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[67] Voir *Documents sur la crise coréenne*, pp. 14-17./See *Documents on the Korean Crisis* pp. 13-15.

[68] Note marginale:/Marginal Note:
Approved by Minister, Dec 4-50. A.D.P. H[enney].

6. If we were to add only a few names to the list of countries which have already received the memorandum, then I suggest that we add at least Denmark, Brazil and Mexico. Denmark is the only one of the North Atlantic countries which are also members of the U.N. and at which we are also represented to which we have not given the memorandum. The reason for the suggestion for the inclusion of Brazil and Mexico is that, if you should find it necessary, perhaps before the House of Commons, to refer to our having transmitted this memorandum, it might look a little odd if we had not transmitted it to any of the Latin American republics.

A.D.P. H[EENEY]

174. DEA/50069-C-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-2474 Ottawa, December 4, 1950

SECRET. IMMEDIATE.

Repeat London No. 1891; New York No. 373.

1. Since President Truman's statements on November 30[69] about the possibility of using the atomic bomb in Korea, I have been considering our own position. You will have seen what I told the press here on November 30 on an "off-the-record" basis, as the text was sent in our telegram No. EX-2462 of December 2.†

2. In view of the rapidly deteriorating military situation in Korea, I think we should waste no time in informing the U.S. Government of some of the considerations which weigh most heavily with us, and no doubt with them, on this most delicate and vitally important problem — the use, or the threat of use, of the atomic bomb. For that reason, I am sending you in my immediately following message the text of a memorandum which expresses our views. There would of course be less risk of the Americans feeling that we were delivering an unnecessary homily on their doorstep if you were to put these points orally at an appropriate level in the State Department, but in a matter of this moment I think there should be some written record. I leave to your judgment, however, the method of presentation. The memorandum has been deliberately prepared without reference to President Truman's statement so that it could be taken as an independent appreciation, for the use of the Canadian Government, a copy of which we are giving to the U.S. Government for their information as an indication of our thinking on a subject of the greatest common interest to both Governments.

3. If you have any suggestions for amendment of the memorandum before it is left with the State Department I should, of course, be glad to consider them.

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[69] Voir/See *Public Papers of the Presidents of the United States: Harry S. Truman 1950,* Washington: United States Government Printing Office, 1965, Document 295, pp. 724-728.

175. DEA/50069-C-40

Note

Memorandum

SECRET [Ottawa], December 3, 1950

KOREA AND THE ATOMIC BOMB

1. The military authorities may argue that the atomic bomb is just another weapon. But, in the minds of ordinary people everywhere in the world, it is far more than that and has acquired an immensely greater intrinsic significance. The anxiety with which the possibility of the use of the bomb, by either side, is regarded has been strikingly and increasingly evident of late among our friends in Europe and in Asia. This is the main reason for the appeal, even in free countries, of the cynical Communist "peace" campaign.

2. The psychological and political consequences of the employment of the bomb, or the threat of its employment, in the present critical situation would be incalculably great. The risk of retaliation, to which our allies in Europe feel themselves to be exposed, would affect materially their will to resist, and the imminent prospect of atomic war over Korea, when our defences elsewhere are still weak, cannot fail to stimulate the tendencies toward "neutralism" which the development of strength and unity on our side is beginning to overcome.

3. The strategic use of the bomb against Chinese cities might conceivably change the course of military events in Asia now, but at the risk of destroying the cohesion and unity of purpose of the Atlantic community. Certainly its use, for a second time, against an Asian people would dangerously weaken the links that remain between the Western world and the peoples of the East.

4. The atomic bomb is the most powerful deterrent element in the arsenal of the free world. To what extent this is because of actual military potential, to what extent to psychological factors, it is impossible for us, and probably for anyone, to know. In any event it is universally regarded as the ultimate weapon. It should be treated as such. The effectiveness of the bomb as a tactical weapon cannot be fully appreciated. The very uncertainty of its capabilities in the tactical role must add materially to its deterrent value. Once it has been used tactically, however, much of its force as a deterrent may disappear, unless its use for this purpose has proven overwhelmingly successful.

5. The Canadian people would hold their Government responsible for making the Canadian views known to the United States before the atomic bomb were to be used. This is especially true in present circumstances because of the United Nations character of the operations in Korea.

6. Furthermore, in atomic matters, the Canadian Government has, from the beginning, been a partner in the tri-partite co-operation which stemmed from the Quebec Agreement between President Roosevelt and Mr. Churchill in 1943. Mr. Mackenzie King was associated with the Joint Declaration of November, 1945, by the heads of the three Governments directly concerned. Through its membership in the Com-

bined Policy Committee, the Canadian Government has continued to assist in the development of our joint resources of raw materials and of scientific knowledge. Canada has made a direct contribution to building up the atomic stockpile. Although the *modus vivendi* of the Combined Policy Committee concluded in January, 1946, does not include, as did the Quebec Agreement, the clause providing for prior consultation, the Canadian Government would be inevitably involved, and in a specially close sense, in the consequences of the use of the atomic bomb.

7. The mass intervention of the Chinese Communists in Korea may lead to the third world war. In the present critical military situation, those who have their own men engaged (and this applies, of course, particularly to the United States) are obviously entitled to have full consideration given to the use of every available means of supporting the ground forces fighting under the United Nations Command. This is natural and inevitable. But, before a decision of such immense and awful consequence, for all of us, is taken, there should be consultation among the governments principally concerned.

176. DEA/50069-C-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3124 Washington, December 4, 1950

SECRET. IMMEDIATE.

Repeat Candel No. 68. Your EX-2474 and EX-2475† of December 4th, Korea and the atomic bomb.

1. Several passages in the memorandum given in EX-2475 seem to me to convey the impression that the Canadian Government believes that a unilateral decision to authorize the use of the bomb in Korea is likely to be taken and probably very soon. I am sure that this is not the case and that the statement issued by the White House after the President's press conference should be taken at its face value.[70] It is true that the President's answers to some of the questions addressed to him were not phrased as clearly as they might have been and were misleadingly reported around the world. It would, I think, be resented if I was to present the memorandum to the State Department without emendation of such phrases as "the imminent prospect of atomic war over Korea" in paragraph 2 and "before an irreparable decision is taken" at the end of paragraph 7. Indeed, I would prefer a general toning down of the language, especially that used in paragraphs 1, 2, 8, and 9.

2. I am certain that little consideration has been given to the use of atomic weapons in Korea or Manchuria. It is doubtful whether the military results that could be

[70] Voir/See *Public Papers of the Presidents of the United States: Harry S. Truman 1950*, Document No. 295*n*.3., p. 727.

achieved would be sufficiently great to warrant their use on military grounds alone. Even if Mukden, Harbin, and Dairen were destroyed, it is not likely that the dislocation would be sufficient seriously to affect the Chinese operations in Korea because of the nature of their arms and equipment. The loss of even several hundred thousand lives in Manchuria would also not be likely to lead a Government of a country known for its indifference to human life to alter its purposes.

3. Although I have not myself discussed the possible employment of atomic weapons in Korea at a high level in the State Department, I have talked the matter over with the British and Netherlands Ambassadors, both of whom would, I think, agree with what is said in this paragraph.

4. My immediately following message contains a suggested revision and simplification of the memorandum.

177. DEA/50069-C-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3125 Washington, December 4, 1950

SECRET. IMMEDIATE.

Repeat Candel No. 69.
Reference my WA-3124 of December 4th.
Following is text of revised memorandum, Begins: The military authorities may argue that the atomic bomb is just another weapon. But, in the minds of ordinary people everywhere in the world, it is far more than that and has acquired an immensely greater intrinsic significance. The anxiety with which the possibility of the use of the bomb, by either side, is regarded has been strikingly and increasingly evident of late among our friends in Europe and in Asia. This is the main reason for the appeal, even in free countries, of the cynical Communist "peace" campaign.

2. The psychological and political consequences of the employment of the bomb, or the threat of its employment, in the present critical situation would be incalculably great. The risk of retaliation, to which our allies in Europe feel themselves to be exposed, would affect materially their will to resist, and even the consideration of the possibility of atomic war in Asia, when our defences are still weak, cannot fail to stimulate the tendencies toward "neutralism" which the development of strength and unity on our side is beginning to overcome.

3. The strategic use of the bomb against Chinese cities might conceivably change the course of military events in Asia now, but at the risk of destroying the cohesion and unity of purpose of the Atlantic community. Certainly its use, for a second time, against an Asian people would dangerously weaken the links that remain between the Western world and the peoples of the East.

4. The atomic bomb is the most powerful deterrent element in the arsenal of the free world. To what extent this is because of actual military potential, to what extent to psychological factors, it is impossible for us, and probably for anyone, to know. The effectiveness of the bomb as a tactical weapon cannot be fully appreciated. The very uncertainty of its capabilities in the tactical role must add materially to its deterrent value. Once it has been used tactically, however, much of its force as a deterrent may disappear, unless its use for this purpose has proven overwhelmingly successful.

5. The Canadian people would hold their Government responsible for making the Canadian views known to the United States before the atomic bomb were to be used. This is especially true in present circumstances because of the United Nations character of the operations in Korea.

6. Furthermore, in atomic matters, the Canadian Government has, from the beginning, been a partner in the tripartite cooperation which stemmed from the Quebec Agreement between President Roosevelt and Mr. Churchill in 1943. Mr. MacKenzie King was associated with the joint declaration of November, 1945, by the heads of three Governments directly concerned. Through its membership in the Combined Policy Committee, the Canadian Government has continued to assist in the development of our joint resources of raw materials and of scientific knowledge. Canada has made a direct contribution to building up the atomic stockpile. Although the *modus vivendi* of the Combined Policy Committee concluded in January, 1948,[71] does not include, as did the Quebec Agreement, the clause providing for prior consultation, the Canadian Government would be inevitably involved, and in a specially close sense, in the consequences of the use of the atomic bomb.

7. The mass intervention of the Chinese Communists in Korea may lead to the third world war. In the present critical military situation, those who have their own men engaged (and this applies, of course, particularly to the United States) are obviously entitled to have full consideration given to the use of every available means of supporting the ground forces fighting under the United Nations command. This is natural and inevitable. But, before a decision of such immense and awful consequence, for all of us, is taken, there should be consultation among the Governments principally concerned. Ends.

[71] Voir *DREC*, volume 14, document 568./See *DCER*, Volume 14, Document 568.

178. DEA/50069-C-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 585 New York, December 6, 1950

SECRET

Addressed Washington No. 74.
Following for Wrong from Pearson, Begins: I have read your suggested revisions of the memorandum on Korea and the atomic bomb and I agree with all the changes except one, namely, the inclusion, as a final sentence to paragraph 3 (3), of the reference to the bomb being the ultimate weapon. This may not seem to be very important, but as it was stressed in my statement in Ottawa, I think it might be included in the memorandum.

2. I think it is important from the point of view of Canadian public opinion to make our position clear to the United States Government, and I would be glad if you would do this in the terms of your revised memorandum with the one change suggested above. Ends.

179. DEA/50069-A-40

Le secrétaire d'État par intérim aux Affaires extérieures au chef de la délégation à l'Assemblée générale des Nations Unies

Acting Secretary of State for External Affairs to Chairman, Delegation to United Nations General Assembly

TELEGRAM 385 Ottawa, December 6, 1950

SECRET

Repeat Washington EX-2506.

KOREA

Following for the Minister, Begins: Reference United States aide mémoire of December 2 and our oral reply of the same date regarding policy in U.N. on vetoed Security Council resolution. (Our telegrams No. EX-2465 of December 2 to Washington, repeated to New York as No. 366, and No. EX-2468 of December 3, repeated to New York as No. 370).

2. Bliss of the United States Embassy telephoned us this morning to say that they have now received from the State Department a summary of the replies of the twelve governments which were consulted. In general the replies, with minor variations, were along the lines of our reply. The only significant variation was that Italy, Norway and India said that the discussion in the Assembly of the Six-power

resolution should await the conclusion of the Attlee-Truman talks. France and the United Kingdom were more in line with the United States proposal than the United States had expected.

3. We said that we could not speak for you but that our impression was that, in view of developments since our oral reply of Saturday, December 2, you might now be inclined towards the line taken by Italy, Norway and India. Ends.

180. DEA/50069-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 584 New York, December 6, 1950

SECRET. IMMEDIATE.

KOREA

Yesterday afternoon I had a talk with the Secretary-General, who brought me up-to-date, very confidentially, on developments in regard to talks with the Chinese Communist delegation. These have been more important than previous reports had indicated. Trygve Lie said that he had had two or three discussions with the Chinese, and though he had found them "cocky" and "tough Communists", nevertheless they now expressed a willingness to talk and, indeed, to meet other delegations who wished to talk with them. As a result, Trygve Lie had his dinner party last night. At that dinner Jebb arranged to have lunch with Wu yesterday and Zafrullah is having dinner with him today. It appears, however, that the most important negotiator among the Chinese is not Wu but Chiao.

2. Trygve Lie said that he had been racking his brains to think of something constructive that might be proposed. He had suggested to the British and the Americans a few days ago that he himself might fly to Tokyo and Korea, and to Peking if the Chinese Communists would receive him. The Americans and the British did not discourage him in this, and the Chinese Communist delegate's reaction was not entirely negative, though he said he would have to take it up with his Government. Lie's trip, however, has been called off, or at least postponed, pending the result of Attlee's visit to Washington.

3. Lie also told Wu that he was contemplating transferring the United Nations office in Shanghai to Peking, and putting it in charge of a senior United Nations official. (Lie added that he would like to send the man that I had recommended to him a fortnight or so ago, Ralph Bunche.) The Chinese Communists said they would also refer this matter to Peking.

4. Lie said that he told the Communists that while they had legitimate grounds for complaint at not being admitted to membership in the United Nations, they had acted very badly in Korea, and had broken every article of the Charter by their

intervention. He put it to them that they should now cease fire, halt their advance before the 38th Parallel, and negotiate a settlement. If they acted reasonably, their chances for admission to the United Nations would be greatly improved and he himself thought that (he mentioned this very confidentially) he could keep an Assistant Secretary-General post open for one of them, and other positions on the Secretariat, as he was soon to begin a house-cleaning of his staff on the completion of his five-year term of office. The Chinese said that they would also forward these proposals to Peking, but stated that any negotiations would have to include Formosa.

5. Lie said that their price for withdrawing from North Korea is admission to the United Nations, withdrawal of the United States fleet from Formosa, withdrawal of United Nations troops from Korea, and United Nations supervised elections there. Lie told them that these demands were excessive and that they should moderate them. He expects to receive the views of the Peking Government on these matters very shortly.

6. He himself feels (and I was somewhat surprised at this) that the United States cannot now withdraw their fleet from Formosa, and that the United Nations must be careful not to appear to be too weak or advocating appeasement. On the other hand, he is desperately anxious, first to limit and then end the Korean war. He is confused, as indeed others are, as to how to reconcile these two objectives. But on the whole, I found him somewhat more optimistic than I had expected.

7. He had read with much interest the statement I made Monday in Ottawa, as indeed a good many others here seemed to have done. I gather that the Americans are disappointed in it.[72]

8. I must emphasize that Lie's remarks to me were personal and confidential as he claims he has not been discussing matters with other delegations because of the terror of the Chinese Communists that there should be a leakage in the press that they have gone as far as they have gone already opening negotiations.

9. Sir Benegal Rau also asked to see me yesterday afternoon and I had an interesting talk with him. The Chinese had discussed matters with him in a fairly friendly and frank way and had taken generally the line they took with Mr. Lie in regard to conditions which must be accepted before they would withdraw from Korea.

10. He then mentioned to me that he had been discussing with the Asian delegations, including the Moslem ones, the issue of an appeal to the Chinese Communists to cease fire or, in any event, not to cross the 38th Parallel. He asked me what I thought about this. At first it seemed to me not to promise very much in the way of results, but after talking with him I came to the conclusion that it would be a good thing to do and that, in any event, it would certainly be unwise to discourage Indian and Asian initiative in this matter, even if the Chinese Communists rejected the appeal. He realized of course, that if such an appeal is to be of any value at all, it must be made quickly so it will probably be made public this morning.

[72] Voir *Documents sur la crise coréenne*, pp. 14-17./See *Documents on the Korean Crisis*, pp. 13-15.

11. I should add that Lie, in a talk with the Czech delegate ascertained that [Viliam] Siroky seemed also to be aware of Chinese Communist proposals, and it seems clear that the Communist delegations have been discussing these matters together. When Lie asked Siroky if the Chinese Communist views were shared by Vishinsky, Siroky said that he thought so. All this means that we will likely soon be confronted with Communist proposals that in return for peace in Korea, China should be admitted to the United Nations, the United States fleet should leave Formosan waters, and that there should be United Nations-supervised elections in Korea, with troops on both sides withdrawing from the Peninsula. It might be that the Communists will be willing to modify these demands, but with the military situation as it is, one cannot count on this. I gather that the Americans are aware of the above discussions and that Mr. Attlee has also been informed of them.

12. Finally, I had a talk with Keith Officer. He said that he had seen Acheson in Washington on Sunday and had impressed on him (1) the necessity of setting up some Committee of those Governments actively involved in the Korean operations, to exercise some control over MacArthur, and (2) the necessity of the United States keeping the Governments in question more completely informed of military developments.

181. DEA/50069-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 594 New York, December 7, 1950

SECRET. IMPORTANT.

Repeat Washington No. 75.

KOREA

1. At a meeting of Commonwealth delegations Tuesday morning, both Jebb and Rau gave some account of their contacts with the Chinese Communist delegation. Jebb said that Wu, Chiao, an interpreter, and a woman member of the delegation, had had lunch with him. He had got the impression that Wu was a sensible and practical person who might be inclined to take an empirical view of the situation in the Far East, but that Chiao was a much more rigid and doctrinaire Communist. Jebb said that he had advanced to them the argument that there was no chance of securing their main objectives in the Far East unless they would agree in Korea to some principle under which there would be a withdrawal of troops on both sides, and acceptance of a Government established under the aegis of the United Nations. He also said that he put it to Wu that the general work of reconstructing China, upon which the Chinese Government must wish to concentrate, would be indefinitely delayed if the war became general. Jebb added that he gained even more

strongly than ever the impression that the central issue for the Chinese delegation was the question of Formosa.

2. Rau said that at a meeting on Friday last, he had suggested to the Chinese Communists that a settlement might be made on the basis of a cease fire, and, subsequently, a demilitarized zone. Wu had promised to transmit Rau's suggestions to Peiping and to let him know the reply. When Rau saw Wu again on Sunday, no reply had yet been received, and Wu had suggested that it might be the middle of the week before he heard.

3. Rau added that Wu had said in the course of their conversation that China was now organized into twenty-eight provinces, not including Tibet, which was regarded as an autonomous region with much more extensive local authority than any province. He referred to a declaration of November 13 which the Chinese Government had made concerning Tibet. Wu said that this declaration would satisfy "even Rau".

4. In regard to the declaration made on Tuesday evening by the Asian States concerning Korea, Rau said that they had suggested to the Chinese that they stop at the 38th Parallel because they felt, if that line were crossed, it then would be extremely difficult to avoid a situation in which China would be at war with the United Nations.

5. In regard to Korean matters generally, I remarked that it was becoming increasingly important to ascertain the attitude of the United States Government toward the present military situation and its consequences. There were now suggestions about a cease fire with subsequent negotiations, but we did not know whether the United States Government would be prepared to acquiesce in either of these suggestions, nor were we even sure of the estimate of the military position upon which the U.S. authorities were making their plans. Keith Officer, who said he fully agreed with my remarks, added that he thought it important for the United States to give us some idea of its intentions before we became engaged in a debate on the next stage in the Political Committee. If no "lead" were forthcoming, he thought we should postpone the debate. Younger and Jebb said they thought some agreement on policy would probably emerge from the meetings between Attlee and Truman. In the meantime, the United States delegation felt that it was under some pressure from its public to do something, even if only to file the six Power resolution in the First Committee.

6. There was some discussion as to whether or not, when the new item was debated in the First Committee, some Western Power should take the initiative to invite Chinese Communists to attend. It was realized that they would probably refuse, but we nevertheless felt that an opportunity must be given them to attend. There was also some inconclusive discussion as to what should be done in the First Committee to offset either an effort to amend the six Power resolution by naming the Chinese as aggressors, or alternatively, to set up some ill-considered process of negotiation with the Chinese Communists.

182. DEA/50069-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 596 New York, December 7, 1950

INTERVENTION OF THE CENTRAL PEOPLE'S GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA IN KOREA

1. Yesterday the plenary approved by a vote of 51 in favour, 6 against (the Soviet bloc), and 4 abstentions (India, Indonesia, Afghanistan and Burma) the inclusion of this item on the Assembly's agenda.

2. The delegations of Cuba, Ecuador, France, Norway, United Kingdom and United States have today circulated the following draft resolution under this item.

The General Assembly

RECALLING the resolution adopted by the Security Council on 25th June 1950, determining that the North Korean forces had committed a breach of the peace, and calling upon all members of the United Nations to refrain from giving assistance to the North Korean authorities,

RECALLING the resolution adopted by the General Assembly on 7th October 1950, which sets forth the policies of the United Nations in respect to Korea,

NOTING that armed forces of the Central People's Government of the People's Republic of China are conducting military operations against the United Nations forces in Korea,

REAFFIRMING that United Nations forces should not remain in any part of Korea otherwise than so far as necessary for achieving the objectives of stability throughout Korea and the establishment of a unified independent and democratic government in the sovereign state of Korea, as set forth in the resolution of the General Assembly dated 7th October 1950,

INSISTENT that no action be taken which might lead to the spread of the Korean conflict to other areas and thereby further endanger international peace and security,

CALLS UPON all states and authorities, and in particular those responsible for the action noted above, to refrain from assisting or encouraging the North Korean authorities, to prevent their nationals or individuals or units of their armed forces from giving assistance to North Korean forces and to cause the immediate withdrawal of any such nationals, individuals, or units which may presently be in Korea;

AFFIRMS that it is the policy of the United Nations to hold the Chinese frontier with Korea inviolate and fully to protect legitimate Chinese and Korean interests in the frontier zone;

CALLS ATTENTION to the grave danger which continued intervention by Chinese forces in Korea would entail for the maintenance of such a policy;

REQUESTS the United Nations Commission for the unification and rehabilitation of Korea to consider urgently and to assist in the settlement of any problems relating to conditions on the Korean frontier in which states or authorities on the other side of the frontier have an interest.

183. DEA/50069-C-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

DESPATCH 3144 Washington, December 7, 1950

TOP SECRET

VIEWS OF THE CANADIAN GOVERNMENT ON POSSIBLE USE OF ATOMIC WEAPONS IN THE FAR EAST

1. As reported in my teletype to Ottawa WA-3157 (repeated to New York in Candel No. 78) of December 6th,† a copy of the memorandum containing the views of the Canadian Government on the possible use of atomic weapons in the Far East (revised in accordance with your instructions contained in Candel 74 of December 6th) was given yesterday to the Department of State through R. Gordon Arneson, Special Assistant to the Secretary of State on atomic matters. Two copies of the revised memorandum† as given to the State Department are attached.

2. Mr. Arneson, as you know, is the senior official in the State Department who concerns himself exclusively with atomic energy matters, and it was for the purpose of obtaining considered reactions to our memorandum that our paper was given to him.

3. He said that he was glad to receive our memorandum as the issues referred in it had been discussed between Mr. Attlee and President Truman and had also been under lively discussion in the press. Mr. Arneson offered some preliminary comments which are contained in a memorandum of conversation, two copies of which are attached.

H.H. WRONG

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

TOP SECRET [Washington], December 6, 1950

KOREA AND THE ATOM BOMB

Memorandum of conversation between Mr. R.G. Arneson, Special Assistant to the Secretary of State on Atomic Energy, and G. Ignatieff.

Acting upon the instructions that the views of the Canadian Government on the use of the atomic bomb in the present circumstances of war in Korea should be made clear to the U.S. Government, a copy of a Memorandum on the question, as revised and approved by Mr. Pearson in his message Candel No. 74 of December 6th, was given to Mr. Arneson at the State Department on the afternoon of December 6th. Mr. Arneson was chosen for the receipt of this Memorandum, as he is the senior official in the State Department dealing exclusively with atomic energy questions and participates in all discussions on this subject.

In giving Mr. Arneson the Memorandum, Mr. Ignatieff emphasized the importance which the Canadian Government attached to the views contained in it and asked that, if possible, comment, either in verbal or written form, should be made on it when its contents had been studied.

Mr. Arneson quickly read the Memorandum and said that he would be glad to offer certain personal comments and that he would seek authority to provide written comments later. He observed that it was particularly appropriate at this time that the Canadian Government should submit its views on this question. The remarks made by the President at his press conference the previous week had inevitably given rise to public discussion of the use of this weapon and its implications. The question had also come up in the discussions between President Truman and Mr. Attlee. A brief statement of the U.S. position had been given Mr. Attlee, which said in effect that the U.S. Government was very much alive to the implications of the use of the atomic weapon and was giving its implications urgent consideration; that the U.S. Government intends, if the occasion should arise to use the weapon, to consult with the United Kingdom and other countries signatory to the North Atlantic Treaty if time and circumstances permit. Mr. Arneson thought that a paper drawn in similar terms might be made available to the Canadian Government as one of the partners in tripartite co-operation.

Mr. Arneson then offered to outline the developments of thinking in the State Department on the use of the atomic weapon and its implications, as an indication of the kind of U.S. official views which might soon be formulated. Mr. Ignatieff said that this would be very helpful.

Mr. Arneson began by outlining the procedure which would govern the making of a decision by the United States to use the atomic weapon at the present time. The decision to use the weapon requires, in the first place, a recommendation from the United States Joint Chiefs of Staff, which would state whether the use of the

weapon was necessary or desirable from a military point of view. Mr. Arneson said that, so far as he knew, no such recommendation had been considered by the Joint Chiefs of Staff in connection with the Korean war and no responsible U.S. military authority had urged its use. The recommendation of the Joint Chiefs of Staff would then be considered by a special committee of the National Security Council consisting of the Secretary of State, the Secretary of Defence, and the Chairman of the United States Atomic Energy Commission. This committee would have to take into account the political and psychological consideration. This committee would then render its advice to the President, who would make the decision. Mr. Arneson emphasized that the armed forces do not have any atomic weapons at their disposal, unless the President authorizes the release of specific weapons from the custody of the Atomic Energy Commission to the armed forces for specific tasks.

Mr. Arneson said that about two years ago some consideration was given by the National Security Council to the question of the conditions which might apply to the possible use of the atomic bomb, but no decisions were made at that time. The procedure outlined in the preceding paragraph, however, was agreed. In view of the deepening international crisis, this question had now been re-opened and a study was being prepared, and Mr. Arneson had been charged to prepare a preliminary paper for the consideration of the Secretary of State. What follows represents Mr. Arneson's own thinking of the way in which he proposes to analyze the problem for the consideration of the Secretary of State and the other members of the committee of the National Security Council.

It was necessary to proceed from certain assumptions. In the first place, the atomic weapon so far developed is useful only as a means of strategic, not tactical, warfare. To use the weapon tactically, it would be necessary to devise and construct an embodiment capable of delivery through one or other of the following tactical weapons: fighter bombers, guided missiles, or artillery. Although work is proceeding on the means to put the atomic weapon to tactical use, the proper devices do not exist today. It also has to be assumed that atomic weapons are available only in limited numbers and should be conserved for use against important strategic targets. Such targets exist in the industrialized areas of the Soviet Union and do not exist to any important extent in territories on the periphery of the Soviet Union. This consideration particularly applies, in the opinion of Mr. Arneson, to the areas immediately concerned in the Korean warfare.

If the preceding assumptions are accepted, Mr. Arneson said, it follows that the issue in deciding whether to use the atomic weapon is not so much the question of whether you should use this weapon or that weapon, but the question of what kind of war it is. Mr. Arneson thought that this question should be considered in relation to four possible contingencies:

(a) a war involving only satellite Communist forces (or what he termed a "creeping aggression"), such as has been tried in Korea;

(b) an overt Soviet military attack against a country other than one of the signatories of the North Atlantic Treaty;

(c) an overt Soviet attack on one of the signatories of the North Atlantic Treaty other than the United States, and

(d) an overt Soviet attack against the United States.

The question of consultation with other governments presented a different problem, Mr. Arneson suggested, in each of the contingencies noted above. Contingencies (a) and (b) presented the most difficult problems. In effect, in his opinion, it would involve decision by the United States Government, in consultation with Canada, the United Kingdom, and other NATO countries, as to whether, in the circumstances, they were prepared to go to war with the Soviet Union. That, he said, was the central question which would have to be decided first; the question of whether the atomic bomb would be used would be consequent upon a prior decision on the main issue.

In the case of contingency (c), namely, overt attack against a NATO country other than the United States, the normal consultative processes provided under the North Atlantic Treaty Organization would apply and decisions would have to be related to existing strategic plans of NATO.

As regards contingency (d), namely, in the event that there was an overt Soviet attack against the United States, Mr. Arneson thought he should make it clear that it was very unlikely that the United States Government in effect would consult any other country before retaliating immediately against the Soviet Union. Referring to the clause in the Quebec Agreement, which provided for prior consultation between the parties before the atomic weapon was used, Mr. Arneson said that considerable thought had been given to including some provision for consultation in the *modus vivendi* when it was negotiated in 1947. However, in the course of the consultations which took place at that time with the Joint Congressional Committee, Senator Vandenberg had said that he could not accept under any circumstances a provision which would in effect tie the hands of the United States Government in the event that it was attacked. No such commitment, Mr. Arneson thought, would be undertaken by the United States Government in the present circumstances. He also wanted to make it clear that the question of immediate retaliation by the United States with atomic weapons would arise whatever the form of attack used by the Soviet Union upon the United States. The question would be whether the national security of the United States was directly affected by the attack by the Soviet Union, and not whether the Soviet Union used atomic weapons first against the United States.

Mr. Arneson said that the question had also been raised whether the United Nations should be consulted before the atomic weapon was used. The United Nations would certainly be called on to decide whether an aggression had occurred and to determine the aggressor. This in turn presumably would affect considerably the decision of the United States and other NATO countries, having in mind the various contingencies noted above. He did not think, however, that the United States Government would accept the idea that the United Nations should undertake to decide whether atomic weapons should be used in any particular circumstances.

The question also arose as to whether there should be a public declaration in advance of the use of the atomic weapon. If it were agreed that the use of the atomic weapon would only be applied in the event of war with the Soviet Union, then the U.S. Government would not be inclined to favour any action which would

give the Soviet Union advance notice of an atomic attack and thus put the Soviet defences on the alert. However, consideration would have to be given to the kind of public statement which might be used for the purposes of psychological warfare. For instance, a public declaration might be issued to the effect that the Soviet Government by its persistent acts of aggression had brought upon the Soviet people the use of this dreadful weapon and the Soviet people would be urged to liberate themselves from their tyrants in order to avoid further attack of this kind.

In conclusion, Mr. Arneson emphasized again that these were personal views which he was developing for consideration by the committee of the National Security Council and that they went beyond, in some respects, the ground covered by the Canadian Government Memorandum. He hoped that these views, however, would give us an indication of the trend of United States official thinking on the possible use of the atomic weapon and the question of consultation with other governments. He undertook to get in touch with Mr. Ignatieff shortly and to provide formal comments on the Canadian Government Memorandum.

184. DEA/50069-A-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

TOP SECRET [Ottawa], December 9, 1950

THE INTERNATIONAL CRISIS ARISING OUT OF THE DEFEAT OF THE U.N. FORCES IN KOREA

In the limited time available to us in the Department and with the situation still so fluid, it has not been feasible to prepare for you a general Departmental memorandum setting forth an analysis of the situation nor would it be profitable at this stage to attempt to draft agreed recommendations on future action.

2. Instead we have had prepared a number of papers by individual officers and these I attach. The views expressed are not all final views by any means, nor are they the concerted views of the Department.

3. There is, however, little difference in the Department on most of the immediate issues. For instance we are unanimous in the view that the undertaking of a "limited war" against Communist China would involve the United Nations (and indeed the United States) in the gravest possible consequences.

4. It seems to us, too, that unless the United States is prepared to recede some distance from its present position on Formosa the prospects of successful negotiations with the Chinese Communists are not great. It seems clear that, for the Chinese, Formosa is a crucial question. Perhaps the farthest they might be prepared to

give in would be to agree that, after their occupation of Formosa, they will not establish military bases on the island.[73]

5. The following is a list of the papers which are attached:

(1) The international crisis: Some basic considerations. (Memorandum of December 8 [sic] by Reid).

(2) The defeat in Korea: Some suggestions on how the democracies might respond in time to the challenge. (Memorandum of December 8 [sic] by Reid).

(3) Possible effects in Asia of the defeat in Korea. (Memorandum of December 8 by Norman).

(4) Possible effects in Western Europe of a compromise solution in Korea. (Memorandum of December 9 by Léger).

(5) The importance of Indo-China. (Memorandum of December 9 by Reid).

(6) Some guides to immediate action. (Memorandum of December 9 by LePan).

(7) Summary of reaction in foreign offices abroad to our memorandum of December 2. (Memorandum of December 9 by American Division.)†

(8) Survey of editorial reaction in Canada to your speeches of December 4 and 5. (Memorandum of December 9 by Information Division).†

(9) Canadian policy on Korea: Summary of the assurances of MacArthur and of the cautionary words which we have passed on to the United States during the Korean crisis. (Memorandum of December 9 by American Division).†

A.D.P. H[EENEY]

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note du sous-secrétaire d'État suppléant aux Affaires extérieures

Memorandum by Deputy Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], December 9, 1950

THE INTERNATIONAL CRISIS: SOME BASIC CONSIDERATIONS

1. During the three and a half years between the spring of 1947 and the autumn of 1950, the democratic world was subjected to four major shocks or disasters. Each shock or disaster constituted a challenge; and each challenge brought forth a response. Each response in turn was demonstrated by subsequent events to have been inadequate. It was either too little or came too late.

2. The defeat in Korea is the fifth major shock or disaster in this series. If the response to the challenge of this disaster is likewise inadequate, the result may be defeat in a third world war.

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[73] Note marginale:/Marginal note:
Attlee's idea is a neutralised Formosa with self gov[ernmen]t under Chinese sovereignty. L.B. P[earson].

First Challenge and Response

3. The first disaster was the bleak winter of 1946-47 in Europe which weakened an economy already debilitated by the war. The response to this challenge was the Marshall Plan. It was conceived in June, 1947, but was not brought to birth till twelve months later.

Second Challenge and Response

4. The inadequacy of the Marshall Plan was demonstrated by the Communist seizure of power in Czechoslovakia in February, 1948. The response was the North Atlantic Treaty. It was conceived in March, 1948, but did not come into effect until August, 1949. The period of gestation was seventeen months.

5. Under the North Atlantic Treaty, the Atlantic powers began slowly to increase their military forces and their capacity for combined action.

Third Challenge and Response

6. The inadequacy of the combination of Marshall Plan and North Atlantic Treaty was demonstrated by the crumbling of the Nationalist regime in China during 1949, culminating in the establishment on October 1 of a central Communist government for China. The Western powers were shocked to discover that while they had been holding the line against Russian expansion in Europe, the totalitarian communist bloc had secured mastery over the four hundred million people of China and was pressing against Indo-China, Malaya, Indonesia and the rest of South-East Asia, thereby endangering the security of the whole Western world.

7. After waiting for some of the dust to settle, the Western powers began early in 1950 to re-examine their policies in Asia in an effort to discover what they could usefully do to contain totalitarian communism in Asia. One such re-examination was made at the Colombo meeting of Commonwealth Foreign Ministers in January, 1950. Another re-examination took place in Washington.

8. The result by the spring of 1950 was general acceptance in principle by the Western democracies of the thesis: (a) that their safety would be gravely endangered by the further spread of Chinese or Russian communism in South and South-East Asia; (b) that to prevent such an advance the West must ally itself with the dominant local forces of national liberation and social reform; and (c) that the West must in its own interests give more economic assistance to South and South-East Asia. The Colombo Plan was conceived in Ceylon in January, 1950, but eleven months later it was still in process of gestation.

Fourth Challenge and Response

9. The Colombo Plan and other similar plans for South and South-East Asia were based on the same philosophy as the Marshall Plan for Europe: in order to strengthen weak national societies against the virus of communism, it was necessary to strengthen their economies. Before the Marshall Plan came into effect, the Cominform seizure of power in Czechoslovakia demonstrated that it was inadequate. Similarly before the Colombo and other similar plans came into effect, the Cominform attack on Korea demonstrated that they were likewise inadequate

responses to the challenge posed by the victory of communism in China, even though they were buttressed by the Marshall Plan and the North Atlantic Treaty.

10. The response to the challenge of the invasion of Korea on June 25, 1950 was two-fold: in the first place, the North Atlantic powers doubled their estimates of defence expenditures, and pressed on more vigorously with the task of co-ordinating their defence efforts and their armed forces. In the second place, the North Atlantic powers took the first steps to organize the General Assembly of the United Nations as an agency for rallying and organizing the whole democratic world against Cominform aggression.

Fifth Challenge: The Defeat in Korea

11. The defeat in Korea has demonstrated the inadequacy of all the previous responses. They have been proved to be either too little or to have come too late.

Fifth Response ?

12. The question now is: In the light of the proved inadequacy of past responses, what response is the democratic world now to make to the latest and gravest challenge? The previous challenges have succeeded each other at briefer and briefer intervals. The next challenge may be made soon; if the response to it is as inadequate as the responses to previous challenges the result may be defeat in war.

13. Not only were the previous responses inadequate but the interval between the conception of a response and its birth was in retrospect unduly long: twelve months for the Marshall Plan, seventeen months for the North Atlantic Treaty. The march of events is now so fast that we cannot safely contemplate this kind of delay. If the response to the defeat in Korea is to be effective it must be immediate.[74]

14. The following are some of the considerations which seem to be important in determining what the response of the democratic world should be to the challenge posed by the defeat in Korea. In general the considerations are those which would naturally be taken into account in framing policy in war. Much of our present difficulty and danger has its source in our inability to act as if the third world war had broken out.

15. *First.* The new response must be based on global considerations — political, economic, military and moral. We must keep the whole world in view and see the world as a whole. The Russians can strike at any point on the circumference of their empire. We must therefore plan a global strategy for a global war, which is no longer cold, not yet hot, but which is warm, and which is being waged around the world in the borderlands between the Russian empire and the democratic world, wherever the frontiers of the two worlds touch or border on a buffer zone.

16. *Second.* In framing the global strategy for the warm war, we must weigh carefully against each other the competing claims on limited resources from the various sections of the frontier between the two worlds — Western Europe, Middle East, the Indian sub-continent, South-East Asia, the Far East, North America.

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[74] Note marginale:/Marginal note:
How can we ensure, not only that our response is adequate, but that it cannot be legitimately considered as a challenge itself. L.B. P[earson].

17. *Third.* We must take immediate and adequate steps to increase the resources available to us both for the immediate defence of the frontier and to hold in reserve. Half measures will be worse than useless: they will constitute a heavy burden on our economies but they will not give us any tolerable degree of security.

18. *Fourth.* We must take into account all the relevant factors: the military, especially because a third world war may be upon us in a few weeks or a few months; the economic, because we may be in for a long period of warm war or hot war and, unless the war comes soon and we are defeated quickly, economic strength is essential; the political because we need to increase the number of our allies and our alliance potential; the moral because we need the full support of public opinion within the alliance, among potential allies and in the buffer zones, and we need to create as large a fifth column as possible within the empire of our enemies — Russia and its satellites.

19. *Fifth.* We must balance longer-term against shorter-term considerations. This also is a problem always present in war: thus in the last war the United Kingdom had to balance the short-run advantage of throwing its home air force into the defence of France or holding it in reserve for a later defence of Britain if France fell,[75] ministries of munitions had to decide whether to concentrate on getting maximum production in the next twelve months or maximum production over a three-year period even though this meant less production in the first twelve months.

20. *Sixth.* Since we are weak now in relation to the Russian empire we must play for time in which to get relatively stronger and we must use that time for all it is worth to get stronger as rapidly as possible — stronger politically, militarily, economically and morally.

21. *Seventh.* We must bear constantly in mind that an alliance is a precarious creation: it has almost to be created anew every day. It can only continue to be strong and to increase in strength if all its members realize how fragile a thing it is; if they defer to the sensitivities of their fellow allies; if they bear their fair share of the common burden willingly and without complaint; if each member from the strongest to the weakest realizes that it is seldom, if ever, wise for him to secure the reluctant acquiescence of his allies in the whole programme of action which he has put forward; that an alliance needs leadership but that its motto must always be conciliation and compromise.

22. *Eighth.* We must constantly remember that warm wars like hot wars are merely a means to an end. The purpose of waging war is not to win the war but to attain certain objectives. The objective of the present warm war is not the subjugation of the Cominform empire or its unconditional surrender but the creation of a world in which the Cominform empire and the free democracies can live side by side in peace — not peace without friction but peace without the threat of war.

E. R[EID]

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[75] Note marginale:/Marginal note:
To the French this was appeasement! [L.B. Pearson].

[PIÈCE JOINTE 2/ENCLOSURE 2]

Note du sous-secrétaire d'État suppléant aux Affaires extérieures

Memorandum by Deputy Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], December 9, 1950

THE DEFEAT IN KOREA: SOME SUGGESTIONS ON HOW THE DEMOCRACIES MIGHT RESPOND IN TIME TO THE CHALLENGE

1. Recent events in Korea have demonstrated that Russia and China are now prepared to run grave risks of precipitating a third world war. It is possible that these two powers have by now decided to precipitate that war during the next twelve months. The effect of Western rearmament will become increasingly important after 1951; time is beginning to be on our side; if therefore the Cominform leaders are convinced that war with the West is inevitable, they may well consider that their best opportunity will be in the twelve months ahead.

2. The defeat in Korea has also demonstrated once again the military weakness of the Western powers. If a third world war should break out within the next three months or so, the only strong weapon which the Western powers would possess is the atomic weapon. Even a successful use of the atomic weapon would not prevent Russia and its allies from occupying within three months all of continental Europe to the Pyrenees and the whole of South-East Asia, and after another three months or so, the whole of the Middle East.

3. Much of this information is by now public property both in the West and in the Cominform world. The grave risk of war in 1951 has been stressed publicly by spokesmen for various governments; in Canada by Mr. Pearson in his address to the federal-provincial conference on December 4.

4. The present situation is therefore comparable to that after Dunkerque in June 1940. The answer at that time was total mobilization in the Commonwealth and partial mobilization in the United States. The motto was: time is of the essence of the problem.

5. We are now trying to buy time by making a deal with the Chinese Communists and probably by re-opening negotiations with Russia through the four-power Council of Foreign Ministers. This time will be bought at the expense of sacrifices of prestige and of compromises with principles. These sacrifices will be made in vain if the time is not wisely spent. Moreover, if the time is not wisely spent, the consequence may be the conquest by Russia of a ruined Western world. Not to spend the time wisely would therefore be an unforgivable sin.

6. The present date set for the accomplishment of the North Atlantic medium-term plan is July 1, 1954. Even the accomplishment of this plan will give us no guarantee that Russia could not defeat us in war. Because of the urgency of the present situation, it would seem wise to change the date for the accomplishment of the plan from July 1, 1954, to July 1, 1952.

7. In a hot third world war, at least five out of every ten members of the working force would be engaged on war work either as members of the armed forces or in

armaments production. During the cold war less than one in ten has been engaged in cold war work in the Atlantic countries. The appropriate figure for the present warm war would probably be about half way between these figures, that is, three men in ten. Setting the date of July 1, 1952, for the accomplishment of the medium-term plan would probably require a semi-mobilization of this order of magnitude.

8. In order to save time, proposals along these lines should be referred as quickly as possible to the North Atlantic Council Deputies and they should, in consultation with the appropriate military bodies, have a report ready for the Council when it meets at the end of this month or early in January. Pending consideration by the Council, each North Atlantic country should take immediate steps to increase its defence forces and its production of armaments.

9. Similar proposals should likewise be put before the Commonwealth Prime Ministers at their meeting in London on January 4.

10. Following the meetings of the North Atlantic Council and of the Commonwealth Prime Ministers, the United States should call a meeting of the Organization of American States in order to try to secure from the Latin American republics the utmost possible assistance in the task of preparing the democratic world against the possibility of a world war in 1951.

11. Similarly the North Atlantic powers which are members of the Council of Europe should call a special meeting of the Council in order to try to bring in Sweden, Ireland, Switzerland, Greece and Turkey. Yugoslavia should also be invited to this meeting and possibly Israel and the members of the Arab League.

12. This series of meetings should be followed by meetings of the Collective Measures Committee of the General Assembly of the U.N. in an effort to rally and organize the whole of the democratic membership of the U.N. against the imminent threat of war. The Committee should prepare recommendations to be presented to the General Assembly in March, 1951. March may be a particularly dangerous month and it might be wise to have the Assembly in session at that time.

13. At the same time as these preparations are going forward, a renewed effort should be made (a) to bring into effective operation the various plans for economic assistance to under-developed countries, especially the Colombo Plan, (b) to relieve the plight of the Arab refugees, thus diminishing a source of friction in the Middle East, and (c) to remove all the major sources of friction between India and Pakistan.

14. In order to secure the utmost moral support for their cause, the democratic nations should also make clear their warm-war aims. They should do their best to convince their own people and as many people as possible in the Cominform empire that the warm war has been forced on them, that they consider the warm war not as an end in itself but as a means to an end, and that that end is not the subjugation of the Cominform empire or its unconditional surrender but the creation of a world in which the Cominform empire and the free democracies can live side by side in peace — not peace without friction but peace without the threat of war.

15. It is not only a matter of warm-war aims but also of aims in peace and in war. It is necessary to form a strong anti-Cominform world alliance but this alliance cannot safely be based on mere negation. It must be protestant in that it protests and repudiates the abhorrent doctrines and practices of the Cominform empire. It must be catholic in that it re-affirms its living faith in the beliefs, the virtues, the values of the great civilizations of which we are heirs and defenders: Western Christendom, Orthodox Christendom, Islam, Hinduism, Buddhism, Confucianism and Taoism.

E. R[EID]

[PIÈCE JOINTE 3/ENCLOSURE 3]

Note du chef de la Direction de l'Amérique et de l'Extrême-Orient

Memorandum by Head, American and Far Eastern Division

TOP SECRET [Ottawa], December 8, 1950

POSSIBLE EFFECTS IN ASIA OF THE DEFEAT IN KOREA

I

Before attempting to examine some of the problems raised by Chinese Communist intervention in Korea, it might be pertinent to hazard an assessment, necessarily tentative, on the peculiar characteristics of Chinese Communism.

(1) The Chinese Communists have always regarded themselves as orthodox Marxists; in fact, they show signs of an almost Pharisaical pride in the purity of their Marxist theory. This tends to make them rigid, pedantic and most dangerous for all concerned, self-delusory in their approach to world problems. Thus they are convinced *a priori* that the United States entertains imperialistic designs against the Chinese. Their theory tells them that the United States is the greatest capitalist power on earth; great capitalist powers are bound to seize other countries as colonies or intervene against native revolutions, therefore the United States must be up to this in China. Q.E.D.

(2) Though their fanatic devotion to Marxism no doubt has a touch of religious fanaticism in it, it is probably less hypocritical than that of the present rulers of the Kremlin who have exploited its dogmas as a means of popular deception and confusion. Thus both ideological considerations and certain common interests make for a closer partnership between the two. For the present, we may take it that the Russians are the senior partners in this firm, but it might be rash to assume that the Chinese Communists are *completely and irrevocably in the Russian pocket*. For instance, there has been some slight evidence during the past half year, namely on the question of attacking Formosa and secondly, more recently in the present phase in Korea, that the Russians may have exerted some moderating influence on the Chinese. If this is correct, it is certainly not out of any consideration for the United Nations or for the cause of peace; it may perhaps be from fear that the Chinese Communists may be getting a little too independent in their strategy and require curbing and further, it may even be that in the eyes of the Communist world, especially in Asia, the Chinese are stealing the show from their big brother. The Rus-

sians may not also wish to have Chinese independence increased notably by military victory, particularly since it may be more difficult under the terms of the Sino-Soviet Pact to count on Chinese leaders as docile instruments of purely Russian interests.

(3) There have been persistent reports that there exists under the surface, factionalism within the Chinese Communist Party. This factionalism has been kept well under control and does not take the form of open debate, but by qualified observers it is believed to take the form of "moderates" on the one part who wish to seek some *modus vivendi* with the Western powers, and therefore, to reduce the Chinese Communists dependency on Russia for industrial assistance, technicians and on the other, one which is prepared to follow Russia in world leadership. (There is some evidence that even within the Chinese Communist delegation to the United Nations there is, at an incipient stage, some degree of difference in view between the leader of the delegation and his assistant). Apparently, Mao tries to keep above this factionalism and maintain a certain balance but whether it could assume a significant form would depend on the degree the Western powers were successful in

(a) showing the Chinese that we entertain no aggressive designs against their country and,

(b) achieving closer diplomatic contact in the United Nations and elsewhere in which the Chinese Communists could learn something of the nature of the free world and its thinking.

Even if nothing as dramatic as Titoism should emerge, there might be some cooling in Sino-Soviet relations, with greater political independence on the part of Chinese leaders which could make the Russians pause before launching some major aggression in which they would necessarily have to count on complete Chinese loyalty to their purposes.

(4) Turning directly to the subject in hand, namely the problem of Chinese intervention in Korea, it has become apparent in the secret talks between the Chinese Communist delegation to the United Nations and other delegations friendly to us that, as was expected, the Chinese Communists attached the greatest importance to Formosa, then perhaps secondly, entrance into the United Nations. Perhaps at some later stage Korea might, therefore, become the basis of negotiations on which to discuss the other points. In view of Chinese victories in Korea we cannot expect them to have a very conciliatory frame of mind but it is just possible that they will have enough sense to see that they cannot expect to seize all of Korea and at the same time succeed by negotiations both in regard to Formosa and entry into the United Nations. If they are inclined to do any bargaining at all it would be in the first instance over Korea. It may well be that they will refuse to retreat from their maximum terms, thus making it impossible for the United States and other nations directly concerned to proceed any further in diplomatic dealings with the Chinese Communists. One point in which the Chinese Communists feel sensitive is the vulnerability of their country to naval blockade and air attack. They are particularly anxious to proceed with the economic reconstruction of the country and their intransigence might give way somewhat if they knew that a general war would in the end hurt them even more than their enemies. It is out of such considerations as

these that we might look towards negotiation not, certainly, with any great expectation but at least with some feeling that the Chinese Communists, if they are not entirely victims of their own propaganda, might be made to see some reason.

II

No matter what eventually results from Chinese intervention, its scale and obvious military effectiveness is bound to have a profound influence in Asia. Other peripheral states, such as Viet Nam and Burma, will be increasingly apprehensive of their capacity to maintain security against Chinese pressure, and unless something concrete can be done to bolster their morale, they will probably be increasingly dubious of the wisdom of association with the West. In India, while Chinese action in both Korea and Tibet could result in a greater inclination to side with the West because of fear of China, there is more likely to be a strengthening of the conviction that neutrality is the desirable goal, since recent events will appear to have justified Indian apprehensions of U.S. policies. Japan is in a somewhat different position, lying off the coast and already being physically in the U.S. sphere. The fear in Japan is not of China, since China will for some time be in no position to threaten the islands directly, but of the possible consequences of a major war.

A negotiated settlement would probably have a good effect throughout the area, provided the countries in Southeast Asia were given any reason to hope that their position vis-à-vis China could be strengthened at the same time. Any relaxation of the tension would be welcomed both in Japan and India. Japan's long-run interest involves a *modus vivendi*, particularly in matters of trade, with China, and a settlement including some satisfaction for Peking in connection with Formosa, U.N. representation and the negotiations for a Japanese treaty would be in accord with the Indian approach from the beginning. The probable reactions in Southeast Asia are more difficult to analyze or predict. The U.S., for example, assures us that Communist occupation of Formosa would seriously undermine morale in the Philippines. Even if true, however, this might not apply to a compromise solution not involving military occupation of the island. Indonesia would probably welcome a settlement, being neutral in the present conflict and having recognized the Peking regime. Indo-China is the most complex. So far as the Viet Nam government is concerned, however, a settlement would undoubtedly be judged in the light of the degree to which it tended to increase or relax pressure from China in the form of assistance to Ho Chi-minh, and freed the West to devote more attention to the strengthening of Viet Nam. These criteria would presumably be applied by Viet Nam to any of the possible outcomes of the present situation. For instance, if the U.N. were driven out of Korea, the effect on morale in Indo-China of this final blow to Western prestige would be grave. But this might be compensated for in part by increased ability of the U.S. to supply equipment to counteract the growing power of the forces of Viet Minh.

If a negotiated settlement is impossible, and U.N. forces are driven out of Korea, the problem would then be posed in the form of the relative merits of cutting one's losses or of taking positive steps to discipline China and, if possible, undermine the Peking regime. The first course would involve little more than declaring Communist China an aggressor and cutting off all relations. The latter might go to the

length of continued air attack against selected targets, particularly communications, and would include support of such resistance movements as exist in China, and the strengthening of the Nationalist forces on Formosa.

The impact of the latter course on the situation in Asia would, in our opinion, be definitely worse than cutting the losses. The effectiveness of such a course in shaking the Peking regime is doubtful, to say the least, and might serve only to consolidate China behind the People's Government. Moreover, it might well impel Peking to step up, rather than decrease, its pressure on such points as Indo-China. If air attacks were delivered on a scale sufficient materially to cut down the short-run Chinese military potential, they would almost inevitably call forth counter measures from the Soviet air force, which would face us with another dilemma.

The Japanese would almost certainly watch such a development with dismay, since it would imply the danger of counter attack on bases in Japan. The Indians would probably react most unfavourably, both because of their attitude to strategic bombing in the first place, and because the whole operation would undoubtedly appear to them an unnecessary and futile reprisal for loss of U.S. prestige in Korea. Much of the rest of South and Southeast Asia would probably take a similar view.

To conclude, we would favour, if at all possible, negotiations over Korea. But if the Chinese prove intransigent and we have no prospect other than to be driven by force of arms off the peninsula, nevertheless it would not, for the present at least, appear to be wise to commit ourselves to military operations of any sort on the Chinese mainland. In addition to the reasons adduced above, it appears highly doubtful that such operations could achieve those purposes for which the U.N. initiated its action against aggression in Korea.

E.H. NORMAN

[PIÈCE JOINTE 4/ENCLOSURE 4]

Note du chef de la Direction européenne

Memorandum by Head, European Division

SECRET [Ottawa], December 9, 1950

POSSIBLE EFFECTS IN EUROPE OF A COMPROMISE SOLUTION IN KOREA

The Western powers have already lost the initiative in Korea to such an extent that it is difficult to expect a "compromise solution"; a "negotiated settlement" would still be possible, however, when the Chinese troops reach the 38th Parallel. If at that point they halt their armies, negotiations may commence at Soviet-Chinese invitation. Such a negotiated settlement would have far-reaching implications for Europe.

2. C.L. Sulzberger of the *New York Times*, writing from Paris on December 6, commented that the recent developments in Korea were being interpreted in Europe as a most serious blow to the prestige of the United Nations body and a further loss of confidence in the United States position in international leadership. While this might be a hasty generalization, it would appear from information

already available that European countries have been profoundly affected by recent events in Korea.

3. Generally it would seem a reasonable European interpretation of the police action of the United Nations in Korea that the action has failed either because too much was asked of it or because too few forces were made available. This is naturally a bad omen for those European countries, particularly the smaller ones, whose freedom is at the mercy of Soviet or Satellite attack. It would be natural for such countries to conclude that, under similar circumstances, a similar decision would be reached at their expense. The spirit of Munich must presumably have remained more vivid in continental Europe than anywhere else. Because of an easy analogy such speculation would apply with more force to Germany.

4. For the United Kingdom particularly, which is committed in manpower and resources to the police action in Korea, recent developments can be interpreted as indicative of too heavy preponderance of United States leadership in diplomatic, military as well as political matters in United Nations affairs. This in future could translate itself in a restiveness in following United States leadership as closely as hitherto. It is in proportion that this disequilibrium could be redressed that the United Nations would regain its lost prestige in this sphere.

5. As an instrument of settlement of disputes in the Far East, the United Nations will definitely have lost its prestige in the remaining colonial European powers. It would appear to be obvious that from now on little pressure could be exerted over the French Government for example, to have the matter of Indo-China settled through the machinery of the United Nations. In a way the possible effect of a compromise solution in Korea could lead either to the stiffening of European colonial powers in the Far East (which is very doubtful) or in the acceptance, in principle if not in fact, that a communist victory in Korea brings the end of the remnants of the Far Eastern Empires closer to hand.

6. The heavy military commitments which the United States was forced to make to the Korean front during the last few months has created uneasiness in more than one European capital. They felt that Western Europe was left open to attack by the Soviet Union since most, if not all, of the United States manpower and material were being diverted to the Far East, a front which had some importance in the present struggle but which, in the minds of the Europeans, was much less important than Western Europe. Chancellor Adenauer on December 3 referred to this when he pointed out that "Russia's aim is to have the United States expend her energies, material resources, blood and the energy of her people in other campaigns such as the one against Red China, while her over-all objective in the present world situation was to capture Europe". This uneasiness, which could have been dispelled through a rapid victory of the United Nations forces in Korea, has seriously increased with recent military setbacks.

7. Within this European context a United States decision, following a compromise solution, to recall a large number of her troops from Korea for eventual posting in Europe would, generally speaking, be welcomed by the Western European countries. Present plans for defence as seen by these countries call in any event for the stationing in Europe of United States divisions which, up till now, have not

been forthcoming. Western European countries continue to be over-shadowed by the massive strength of the Soviet Union which could over-run continental Europe up to the Pyrenees within three months. Their reactions are naturally more centered around their own defence and any decrease in its effectiveness leads to a possible decrease in their morale.

8. It should be emphasized here that any negotiated settlement which would not lead to the withdrawal of the greatest proportion of United States troops now serving in Korea for eventual action in Europe at the earliest possible moment would not be satisfactory to Western European powers. In this connection, any settlement whereby United States forces would be mobilized close to the 38th Parallel facing a concentration of Chinese troops in North Korea would in the eyes of Western Europe still play into Soviet hands. The only settlement, therefore, which would be militarily satisfactory from the Western European point of view would be one which would free United States troops.

9. It could be argued that in those countries like France and the United Kingdom which have military commitments of their own in the Far East, a decision taken in Washington to withdraw the majority, if not all, of its troops from Korea would weaken correspondingly the general Western defence in the Far East. A blow to United States military leadership in Korea is therefore indirectly a blow to the military establishments of the United Kingdom and France in that part of the world. In the present state of world tension, however, the defence of Western Europe is overriding even for London and Paris.

10. In the eyes of some European countries United States military leadership, i.e. General MacArthur's leadership, has been short-sighted and has led the United Nations into a most uncomfortable position. Diplomatically, it would appear that no Western European country is willing fully to support in principle the United States Administration in its policy with regard to Communist China if this policy leads to open warfare even in a disguised form. Western Europe aims at the normalization of relations with Peking not only *per se*, but also because they consider that most, if not all, of the Western European countries, notwithstanding their objections in principle, would probably have to stand by the United States in such an emergency. In such an emergency little active support would be forthcoming from Western Europe and the greatness of the task would weaken the United States to a point where the defence of Western Europe would become practically impossible.

11. It can therefore be assumed that at present most, if not all, of the Western European countries would welcome a settlement of the Korean crisis on a compromise basis even if the pill is bitter.

12. It is more strongly felt in Western Europe than in Washington that there is a direct link between the Chinese pressure in Korea and Soviet policy in Western Europe. The French would seem to relate this pressure more specifically to Soviet determination to prevent the rearmament of Western Germany. If this assumption is correct, the French insistence on accepting the Soviet proposals for a Four Power conference in the not too distant future is a sensible one. While such a meeting might not have been welcomed by the majority of Western European countries

before the latest developments in Korea, it might be that the international climate is much more favourable now and that the French approach is shared by many. Whether this solution will be satisfactory to Western German leaders also is another matter, since the feeling in Germany has been up until now that any meeting of the Big Four could lead to their being sold down the river.

JULES LÉGER

[PIÈCE JOINTE 5/ENCLOSURE 5]

Note du sous-secrétaire d'État suppléant aux Affaires extérieures

Memorandum by Deputy Under-Secretary of State for External Affairs

SECRET [Ottawa], December 9, 1950

THE IMPORTANCE OF INDO-CHINA

1. One question which may have to be considered in the near future is whether it is in the general Western interest to include the question of Indo-China in any negotiations with the Chinese which may take place over Korea or in subsequent negotiations should the first set of negotiations lead to a settlement of the Korean, Formosan and related problems.

2. The obvious danger is that if the situation in Indo-China is allowed to drift, the Western world may suffer a defeat there similar to that which it has suffered in Korea. Moreover, the arguments based on global strategy which have led us and our friends to the conclusion that it is dangerous to permit a large diversion of the limited available Western forces to the Korean theatre of operations apply also to Indo-China.

3. It may therefore be that careful consideration should be given to the possibility of reaching an agreement with China on the question of Indo-China. The agreement might be drawn up by the Council of Five Foreign Ministers; there would be pledges of non-aggression against Indo-China and pledges to go to war if overt aggression took place. The war contemplated would be an air and naval war against China and not a land war in the direct defence of Indo-China.

4. Such an agreement would undoubtedly mean the coming into power in Indo-China of a government in which the local Indo-Chinese communists would be full partners, if not dominant. This is the sort of proposal which Mr. Nehru has made for a year or more. We would have to depend on the strength of Indo-Chinese nationalism to defend Indo-China against the coming into power of a government which would be a satellite of China. We would also be protected to some extent against this contingency by the fact that Indo-China has traditionally, like the rest of South-East Asia, been a debatable ground between the Indian and the Chinese civilizations. Japan is another balancing factor.

E. R[EID]

[PIÈCE JOINTE 6/ENCLOSURE 6]

Note de l'adjoint spécial
au secrétaire d'État aux Affaires extérieures

Memorandum by Special Assistant
to Secretary of State for External Affairs

SECRET [Ottawa], December 9, 1950

SOME GUIDES TO IMMEDIATE ACTION

The purpose of this memorandum is to list the comparatively few things which seem to me to be clear amid all the confusion.

(a) In the event of a cease-fire we cannot agree that United Nations forces should be immediately withdrawn from Korea. Even if the Chinese Communists were prepared to offer in exchange that they would withdraw their forces from Korea and would permit the holding of elections throughout the whole of Korea under United Nations auspices, withdrawal of United Nations forces would leave the Republic of Korea at the mercy of the Communists; and this would be immediately apparent throughout the world. Agreement to withdraw United Nations forces would, therefore, be on all fours with the appeasement arranged at Munich. It would mark not only a military defeat but also a moral surrender and would, in my opinion, depress our friends throughout the world and encourage our enemies much more than a military evacuation effected under duress. It would also be difficult to the point of impossibility to explain such a surrender to the North American public who have been told by their Governments that resistance to armed aggression wherever it occurs is essential and indeed that this is one of the central purposes of the United Nations.

(b) The same line of reasoning leads to the conclusion, I think, that if the United States insists on having the United Nations declare China the aggressor in Korea, we cannot resist that request, particularly if, as now seems probable, Chinese forces cross the 38th Parallel. Nevertheless it would still be worthwhile to try to dissuade the Administration from pressing the United Nations to convict China of aggression.

(c) It would certainly be a mistake to reinforce the United Nations forces now in Korea by the despatch of any new formations and probably a mistake even to try and stiffen them by the despatch of any substantial number of reinforcements to be fed into the existing formations. Already we are over-committed in Korea in view of the military weakness in Europe. A withdrawal necessitated by overwhelming military opposition should perhaps actually be welcomed on strategic grounds.

(d) The consequences of becoming involved in war with China would be so disastrous that there should be no further talk of using the atom bomb against Chinese cities or even of permitting bombing of any kind north of the border between Korea and Manchuria.

(e) The shock of the stunning military defeat which the United States and the United Nations have suffered in Korea should be sufficient to bring home the

necessity of much more rapid military preparation in Canada. But no opportunity should be lost of speeding up this realization.

(f) Experience in Korea has shown that under present circumstances unlimited collective security everywhere may mean no genuine security anywhere. This arises, first, from the fact that the number of danger spots to be defended demand far greater military forces than the Western powers now possess. It also arises, however, from the fact that most of the threatened areas — Indo-China, Iran, Turkey, Yugoslavia — lie around the circumference of the Eurasian land-mass. Once forces are committed to battle in any of these areas it is difficult to disengage them. In order to re-establish stability they are led, almost inevitably, further and further. The point then comes when a choice must be made between (1) pressing in from the circumference to the vast stretches of Eurasia, where a decision could never be reached by the use of conventional armaments, (2) using the atomic bomb or (3) withdrawing, perhaps as the result of a rout as is happening in Korea. There is properly great reluctance to sanction the use of the atomic bomb, and particularly against targets in Asia. Nevertheless, the fact must be recognized that these threatened areas cannot be prevented from falling under Soviet domination unless the Western powers are prepared to use the atomic bomb. Moreover, it must be recognized that even the use of the atomic bomb on one of the satellites, on China for example, even if such use were sanctioned, might not prove decisive, since in China at least important targets are few, lives are cheap and available manpower relatively inexhaustible. It, therefore, seems that, if these peripheral countries are to be defended, some circuit must be rigged up so that a Soviet-inspired attack on any one of them would lead to an atomic bombardment of Russian strong points. This has already been done in the case of the countries of Western Europe through the North Atlantic Treaty. It is essential that consideration should be given at once to how the same effect may be secured, perhaps by entirely different means, in order to defend the other countries in Eastern Europe, the Middle East and South-East Asia that I have mentioned.

At the same time it must be decided which of these countries are essential for our security. My own feeling is that none of them can be sacrificed without running the risk of losing before long the whole of the Eurasian land-mass to Soviet imperialism. Even if one or other of these countries proved not to be vital to our security I doubt whether we could allow any of them to fall under Soviet control with impunity. The effect on other countries open to Soviet or Soviet-inspired pressure would be so demoralizing that it might easily prove impossible to hold the situation anywhere. In any case, I think that the problems I have crudely sketched in these two paragraphs should be examined as a matter of urgency.

D.V. LEPAN

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Note de l'adjoint spécial au secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Special Assistant to Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], December 9, 1950

POINTS TO BE CLARIFIED AFTER THE ATTLEE-TRUMAN TALKS

At an early stage in the talks, Mr. Truman said that he wished to put it on record that he could not consent to any "voluntary withdrawal" of United Nations forces from Korea; and in the course of the conversations, Mr. Attlee apparently agreed with this determination. The point that requires clarification is whether or not this means that in the event of a cease-fire, the United States and the United Kingdom could not agree to the immediate withdrawal of United Nations forces from Korea, even if the Chinese Communists were prepared to offer in exchange that they would withdraw their forces from Korea and would permit the holding of elections throughout the whole of the country under United Nations auspices. This point is clearly of some importance since it would determine whether or not the two countries could consider the terms which Chinese Communists have offered for a settlement in Korea itself. My own personal opinion (as you can see from the attached memorandum) is that we could not accept this particular condition without jeopardizing the whole moral position of the United Nations. There is considerable difference of opinion on this score within the Department; and indeed I think that I am in the minority. In any case, the point is worth trying to clear up, I think. If you wish to attach your enquiry to some section of the communiqué, the relevant passage reads as follows:

"The United Nations forces were sent into Korea on the authority and at the recommendation of the United Nations. The United Nations has not changed the mission which it has entrusted to them and the forces of our two countries will continue to discharge their responsibilities. We were in complete agreement that there can be no thought of appeasement or of rewarding aggression, whether in the Far East or elsewhere. Lasting peace and the future of the United Nations as an instrument for world peace depend upon strong support for resistance against aggression."

The telegrams† from Washington showed, however, as you will remember, that Mr. Truman at least was much more categorical on this point.

2. It was agreed that the military dispositions and decisions to be taken in Korea must be largely determined by the danger threatening other exposed areas and by the present military weakness of the free world. There is no question, as I understand it, of additional military formations under any circumstances being despatched to Korea. On the other hand, this point seemed to me to be somewhat blurred by the promise which Mr. Attlee subsequently gave to keep up to strength the United Kingdom formations at present in Korea. Clearly, an obligation to reinforce existing formations might at a time of heavy casualties be almost as onerous

as an obligation to send additional formations. This point is of general importance in a consideration of our overall strategic dilemma. Moreover, it is of particular importance to Canada, I think, since it might have close bearing on the issue as to whether or not the Second Battalion of the Patricias are at once committed to battle in Korea.

3. There are other and broader issues on which you will no doubt wish to seek clarification. But I hardly need to list them here. The scope of possible negotiations with the Chinese Communists and the way in which decisions about the use of the atomic bomb should be made are perhaps the two most obvious subjects on which further information would be valuable. I understand, however, that Mr. Attlee intends to speak to Mr. St. Laurent privately on the second of these two subjects.[76]

D.V. LEPAN

186. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], December 9, 1950

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VISIT OF THE PRIME MINISTER OF THE UNITED KINGDOM

1. *The Prime Minister* welcomed Mr. Attlee and suggested he should feel free to say anything he felt he could concerning the international situation and the measures that might be taken to meet it.

2. *The Prime Minister of the United Kingdom* said he had had in mind, for some time, the desirability of a meeting with President Truman. This intention had been put into effect when it appeared there was some possibility of misunderstanding over the situation in Korea. At the meeting the whole position had been reviewed. He asked Field Marshal Sir William Slim to outline the military situation.

3. *The Chief of the Imperial General Staff*[77] said the military position had improved and what first appeared likely to become a disaster now appeared rather less serious. The advance by U.N. forces had met a much stronger resistance than had been expected. The Chinese Communist forces had thrown the main weight of their counter-attack in the centre between the two areas of principal U.N. strength — on the north-east and north-west. Great danger had developed on the right flank where a number of divisions had been cut off. Withdrawal was now in progress to the area of Hamhung. The original plan had been to hold bridgeheads at Hamhung and also in the Seoul-Inchon area. Hamhung would not now be held and U.N. forces would be removed by sea and taken south along with as much equipment as possible. The Seoul-Inchon bridgehead would not be retained indefinitely and

[76] Il ne reste aucune trace de cette conversation.
No record of such a conversation has been found.

[77] Le maréchal sir William Slim.
Field Marshal Sir William Slim.

forces there would retire, under pressure, down the peninsula toward a defensive line well north of the Pusan perimeter of the earlier period. The U.S. Commanders were confident that, with the troops they now had and those in sight, they would be able to hold such a line indefinitely. This was considerably better than the position had appeared a few days previously.

The U.N. forces had lost a great deal of equipment in the retreat and casualties had been substantial. Lengthening lines of communication could be expected to slow up the Chinese forces somewhat but it would be easy to over-estimate the damage that could be inflicted on them by air attack.

4. *Mr. Attlee* said that, in the first stages of the military setback, the U.K. government had thought there was danger of precipitate action while the situation was still fluid — action which might lead to a world war or at any rate to a war with China. The United Kingdom had regarded the maintenance of the authority of the United Nations as of primary importance. The organization could not afford to fail in the first real challenge of aggression. On the other hand, it was felt it would be equally fatal to pour the resources of the democratic nations into a war with China which would leave the Soviet Union free to act in Europe. In the discussion at Washington it became clear that the U.S. administration was in complete agreement.

If the democratic countries were not to become involved in a full war with China, it was clear that at some point the opposing forces would have to negotiate. Here there were differences of view between the United Kingdom and the United States. Most members of the U.S. administration appeared to regard China as a satellite of the Kremlin with no more freedom of action than the countries of Eastern Europe. The U.K. authorities thought that, while the men at the head of the Chinese government were undoubtedly genuine communists, there was not yet reason to believe they were complete Stalinists. There was a strong tradition of opposition to foreign influence in China and the United Kingdom thought it would be an error to write off the Chinese government as completely dominated by Moscow. If there was least a possibility that an independent line might be taken, the western policy should be to try to divide the two communist countries.

The United Kingdom and the United States differed with regard to the seating of the Chinese communist government at the United Nations. It seemed a mistake not to have given them a seat long before. It would be much harder now and admission could only follow some change on the Chinese part.

The U.S. government felt strongly about Formosa, partly because in 1941 the Philippines had been over-run from that island. On the other hand, the Chinese considered Formosa was equally a pistol aimed at them. It was not possible to say, at this stage, what should be or might be done.

There had been some suggestion, already echoed in the press, of the possibility of a "limited" war against China — bombing had been mentioned by some and more generally the possibility of naval blockade of the coast, economic sanctions, etc. The U.K. government felt that little, if anything, would be accomplished by limited action as long as it remained limited. Such a policy appeared likely to lead nowhere but to full-scale war with China.

In general, the United Kingdom view was that the military situation in Korea should be maintained as well as possible and lines stabilized. There should be no great impatience to come to decisions while the situation remained fluid. Once some stability had been achieved, there should be an effort to arrange a cease fire and negotiations should begin. They felt it would be an error to let a situation develop in which it would be necessary for the United Nations to name China as an aggressor. While there were points of disagreement with the United States, they should not be allowed to appear out of proportion to the large sub-stratum of agreement: that there should be no war with China; that some settlement should be arrived at in Korea; and that Asia should not be allowed to assume pre-eminence over Europe in the general picture.

There was full agreement between the United Kingdom and the United States as to the urgent need to build up North Atlantic defences. The difference of view on German re-arming had set the Organization back considerably. It appeared, however, that it would now be possible to get a Commander-in-Chief appointed and then to go forward at an accelerated rate in building up western forces.

There had been some discussion of the importance to the United Kingdom of securing support from the United States to meet the burden that would be thrust on the British by the greatly increased defence costs. The U.S. appeared to appreciate the U.K. difficulties.

The opportunity had also been used to discuss raw materials and to point out that production in the United Kingdom would be seriously hampered unless something were done to ensure that certain essential raw products could be made available in freer supply. It was agreed that, as a first step, a committee should be established consisting of representatives of the United Kingdom, the United States and France to examine the position of particular raw materials now in short supply and to suggest means for improving their distribution. At a later stage, it was thought that additional bodies might be established to deal with the production and distribution of specific raw materials. It was thought that there should be representatives on these bodies of all the countries most directly concerned. It was essential to take action quickly if re-armament and production generally were not to be seriously hampered.

5. *Mr. Attlee* mentioned further that the President's recent remark concerning the use of the atomic bomb was apparently an unpremeditated answer to a question at a press conference. He had evidently never seriously considered use of the bomb in Korea. While the agreement reached in 1945 during the tripartite discussions on atomic energy had not specified prior consultation with the United Kingdom and Canada, Mr. Truman appeared so strongly aware of the necessity of a joint effort against communism that he was unlikely to do anything that would lessen the cooperation between the western powers.

Generally speaking, his conversations with Mr. Truman had been frank and full and conducted in an atmosphere of utmost friendliness. They were determined to stand together in support of the United Nations and in building up the strength of the North Atlantic area. It had been agreed that it was of vital importance to have the Asiatic countries stand with the United Nations. It would be fatal if Asia were

separated from the other democratic countries of the world. The Commonwealth provided a good example of Asiatic participation with eastern countries on a basis of equality.

The conference appeared to have been useful in building up public confidence and providing a general steadying effect.

6. *The Secretary of State for External Affairs* said that there had been a reassuring interim reply to the Canadian note to the U.S. government on the use of the atomic bomb. It appeared that the consultation referred to in the communiqué issued by the President and the Prime Minister included Canada but no specific reference had been made to this as the communiqué dealt only with conversations between two governments.

7. *Mr. St-Laurent* felt that, while it was difficult for the President to make hypothetical commitments with regard to the use of the bomb, it seemed certain that he was as anxious as was the Canadian government that it should not be used and that it would be particularly unfortunate if it were used for a second time in Asia. The majority of Americans appeared to realize that the United Nations must keep the confidence and support of her partners and in order to do this must take into consideration their points of view.

8. *Mr. Attlee* thought that, while there were differences in policy between the United Kingdom and the United States, the underlying unity was so great and so fully recognized that it provided an adequate basis on which they could continue to act together. A number of the questions on which they did not see eye to eye were still in a contingent and hypothetical stage and might not have to be resolved for some time to come.

9. *Mr. Pearson* said that he was concerned that some of these questions which now seemed hypothetic would become very present and actual questions in a matter of days. For instance, the question of Formosa was now on the agenda of the U.N. Assembly and might become a subject of discussion by next week. It was hoped that the United States would withdraw the resolution. If instead they pushed it, this would have the effect of putting the United Nations behind the situation in Formosa. While it was agreed by all that the United Nations must not fail, it was sometimes difficult to decide what constituted failure. Certainly the abandonment of Korea without negotiations could constitute failure. If, on the other hand, the resolution calling on the Chinese to withdraw from Korea was passed and if the latter ignored it and chose to attack in force the new line that it was hoped could be established in Korea, then the United Nations might be placed in a precarious position.

10. *Mr. Attlee* said that as long as the line in Korea was held there could be no question of failure.

11. *Mr. Pearson* agreed but was concerned that the United States would not be content to hold the line in the face of heavy attacks, and might press for some other action.

12. *Field Marshal Sir William Slim* said that he did not think there was a possibility at present of any precipitate action such as bombing bases in Manchuria. While it was true that the present immunity of China to air attack from U.N. forces gave a

certain military advantage, the most reliable intelligence indicated that, if the United Nations were to carry out bombing raids in China, the Russian Air Force would intervene and the advantages gained would be vastly outweighed by the disadvantages consequent upon such intervention.

13. *Mr. Pearson* mentioned that he had not been thinking so much of bombing but rather the possibility of the Americans following the present resolution in the United Nations with another and stronger one calling for the imposition of sanctions of some sort.

He had noted in the communiqué a reference to the impossibility of voluntary withdrawal and wondered exactly what was meant by this.

14. *Mr. Attlee* said that this referred to abandonment of Korea and was not intended to include a negotiated withdrawal. For instance, if the Asian delegations at Lake Success produced proposals which would include the withdrawal of Chinese and U.N. troops from Korea, leaving some sort of police force under U.N. auspices and providing for U.N. supervised elections, this would not be considered under the terms of the communiqué as "voluntary withdrawal". He pointed out there could not be dictation as to what kind of future government there would be in Korea.

15. *Mr. St-Laurent* agreed that it had never been intended to impose any form of government on the Koreans. The United Nations had intervened because imposition by force of a government by one section on another could not be tolerated. He enquired if there had been any indication recently of increased Russian activity in Europe.

16. *Sir William Slim* said that he did not believe so but that while there would probably be some preliminary indication of large scale troop movements, the Russians, if they wished, could actually overrun Western Europe with the forces that they already had in Europe.

17. *Mr. St. Laurent*, in thanking Mr. Attlee and Sir William Slim for the very useful information they had given members of the Canadian Government, said that he felt the talks between the U.K. Prime Minister and the President of the United States had done much to give the members of the free world confidence and comfort.

187. DEA/50069-A-40

Le ministre de l'ambassade des États-Unis
au sous-secrétaire d'État suppléant aux Affaires extérieures

Minister, Embassy of United States,
to Deputy Under-Secretary of State for External Affairs

SECRET Ottawa, December 12, 1950

Dear Escott [Reid]:

Following our conversation last evening, I am pleased to send you herewith the text of the circular telegram[78] which I showed you and which the Ambassador showed to Mr. Pearson the previous evening. My Government feels that it is not possible to plan far ahead in the present Korean situation, but that certain decisions can now be made, and this message represents the current state of thinking in the Department of State.

"President and Prime Minister communiqué[79] makes it clear that there is no thought of appeasement, that aggression must be resisted and that peoples of world, acting through U N must decide how principles of Charter can best be maintained.

"The action in U N that we will seek and tempo of U N action will to a large extent depend on possibility to mobilize and maintain unity of free world and their determination to stand firmly against aggression. Leadership that we must provide toward this end must be in such a way and at such speed as will carry with us a willing and resolute community of nations.

"Action in U N

"(1) Cease fire:

"We have not asked for cessation of hostilities in Korea and have not encouraged others to initiate move for cease fire. We will of course accept cease fire if agreed to by Chinese Commies but we will not agree at price of political strings or other dishonourable conditions. If cease fire is achieved we are prepared agree to discussion of Korean question with Chinese Commies in appropriate forum with view to peaceful settlement. We cannot of course commit ourselves to substance of our position on any questions that may be involved in such negotiations.

"(2) Six-Power Resolutions:

"At present U S is pressing in political committee of G A Six-Power Resolution which was vetoed by Soviets in S C. This Resolution sponsored in G A by same six powers does not brand Chinese Commies as aggressors, but calls upon them to get out of Korea. Resolution also affirms that it is policy of U N to hold present frontier

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[78] Note marginale:/Marginal note:
Sent to capitals of all members of U.N. E. R[eid].

[79] Voir/See *Public Papers of the Presidents of the United States: Harry S. Truman 1950*, Document 301, pp. 738-740.

with Korea inviolate and fully protect legitimate Chinese and Korean interests in frontier zone.

"So long as Chinese Commies are pressing their offensive against U N forces in Korea, adoption by G A of Six-Power Resolution is minimum action that must be taken. This Resolution, when overwhelmingly voted by G A, would re-assert unity of free world against aggression and in support of U N action in Korea. It would underline principle of "uniting for peace" Resolution, that Soviet cannot by veto make U N impotent. Failure of U N to take action would destroy its authority and its support among peoples of world, and particularly people of U S.

"We believe we must carry forward momentum in bringing this Resolution to a vote in Committee and G A plenary and not permit unwarranted delays. At same time we do not want to move so fast that other members will have basis believe that any opportunity for U N processes have been precluded. According to our present estimate the Committee should reach vote on Dec. 12 or, unless some indication of readiness for settlement by Chinese Commie, at latest December 13.

"If cease fire is agreed to we are of course prepared to suspend action on Six-Power Resolution in G A pending outcome of any discussions or negotiations that may follow cease fire.

"If hostilities continue we will continue fight in Korea in order discharge our responsibilities in accordance S C and G A Resolution. If Chinese Commies press their attack below 38th parallel in effort to drive U N forces into sea, further action by U N after adoption Six-Power Resolution will be necessary. In light of appeal from Asiatic States we believe crossing 38th parallel by Chinese Commies should be treated as new and flagrant demonstration of aggression and evil design of reprehensible Chinese Commie leaders. In such circumstances high hope of peaceful settlement in Korea gone, reasons for treading softly and maintaining mild and conciliatory tone in U N will have largely disappeared. We will therefore seek support of nations which approved original U N action in Korea for resolution to brand Chinese Commies as aggressors. Since U N branded N K as aggressors in June, it could do no less with regard to Chinese Commies who are committing aggression not only against ROK but also against U N forces, and are also flouting authority of U N.

"We are still considering what other U N action should be called for in such later resolution and we do not wish make that decision at this time in light uncertain military situation. We would welcome views of other U N members."

Sincerely yours,

DON C. BLISS

188. DEA/50069-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 629 New York, December 12, 1950

INTERVENTION OF THE CENTRAL PEOPLE'S GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA IN KOREA

2. Following is the text of the two draft resolutions being submitted by Afghanistan, Burma, Egypt, India, Indonesia, Iran, Iraq, Lebanon, Pakistan, Saudi-Arabia, Syria and Yemen.

FIRST DRAFT RESOLUTION

"The General Assembly,

VIEWING with grave concern the situation in the Far East,

CONSIDERING that the continuance of this situation is likely to endanger the maintenance of world peace and security,

RECOMMENDS that the representatives of the following Governments, namely _____ , shall as soon as possible meet and make recommendations for the peaceful settlement of existing issues in accordance with the purposes and principles of the United Nations."

SECOND DRAFT RESOLUTION

"The General Assembly,

VIEWING with grave concern the situation in the Far East,

ANXIOUS that immediate steps should be taken to prevent the conflict in Korea spreading to other areas and to put an end to the fighting in Korea itself and that further steps should then be taken for a peaceful settlement of existing issues in accordance with the purposes and principles of the United Nations,

REQUESTS the President of the General Assembly to constitute a group of three persons including himself to determine the basis on which a satisfactory cease-fire in Korea can be arranged and to make recommendations to the General Assembly as soon as possible."

In addition, the Philippines are also co-sponsors of the second resolution.

189. DEA/50069-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 638 New York, December 13, 1950

CONFIDENTIAL. IMPORTANT.

INTERVENTION OF THE CENTRAL PEOPLE'S GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA IN KOREA

1. At the outset of yesterday morning's meeting of the First Committee, Rau introduced two draft resolutions, the texts of which were transmitted to you in my teletype No. 629. These represented the results of the secret meetings held during the last two or three days by their sponsors. At the beginning of his statement, Rau gave the substance of his four lengthy conversations with Wu, the object of which, as he put it, was "to understand the point of view of the Peking Government in respect of the Korean and other connected issues, and to make certain proposals for its consideration." According to Rau, Wu assured him in one of these conversations that his Government did not wish a war with the United Nations or the United States, but that it found that because the forces of the United States and the United Nations were carrying on operations near its border a war had been forced upon it. This led Rau to say that the Peking Government "seemed to be moving toward a kind of Monroe Doctrine for China", considering that any foreign intervention in any territory adjoining China was an unfriendly act. It was upon the premise that the Chinese Communists desired a peaceful settlement and that the "rest of us" also desired such a peaceful settlement "if it can be achieved on just and honourable terms", that the first resolution (A/C1/641) was based. Rau pointed out that although he would have preferred it, the resolution does not impose a cease fire, but leaves the determination of a suitable basis for any cease fire order to the President of the Assembly and to two other persons of his choice, after which it was up to the General Assembly to recommend whether such an order should be issued on the terms recommended.

2. With regard to the second resolution, Rau merely said that the Governments to form the Committee had been left unspecified as, in his view, they should be determined by the Committee itself. He went on, however, to list the Governments which, he thought, should be represented. These were the Peking Government, for obvious reasons; France, the United Kingdom and the United States as being among the sponsors of the six-Power resolution (A/C1/638); U.S.S.R. as sponsor of the resolution A/C1/640 and Egypt and India as being among the sponsors of the present resolution.

3. Finally, Rau asked that the draft resolution concerning the cease fire be given priority, and after a brief discussion this was agreed to by 48 votes in favour, 5

against (the Soviet bloc) and 4 abstentions. The Canadian delegation voted in favour.

4. In the debate which ensued, both the United Kingdom and the United States made brief statements. Younger said that he would support the thirteen-nation proposal as a cease fire was a necessary pre-requisite to the settlement of the Korean question and would be consistent with the aims of the United Nations to achieve its aims by peaceful means. He did not think that by adopting such a proposal the United Nations would in any way be going back on the principle for which it was fighting. Austin also supported the draft resolution, but reminded the Committee that the execution of a cease fire order would of necessity have to be followed by supervision. The cease fire order, however, would be the prelude to a pacific settlement, and for this reason he favoured the proposal. Tsiang criticized the draft on the grounds that it would ask the policeman to lay down his arms at the same time as the gangsters and thought that its adoption would be a blow to the United Nations. On the other hand, it was consistent with the principle of the United Nations and he urged that it be welcomed and implemented by all concerned.

5. Because of the debate in plenary on atomic energy no meeting was held in the afternoon, but the debate will resume today.

190. DEA/50069-C-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

DESPATCH 3221 Washington, December 13, 1950

TOP SECRET

Reference: My Despatch No. 3144 of December 7th, 1950.

VIEWS OF THE CANADIAN GOVERNMENT ON POSSIBLE USE OF ATOMIC WEAPONS IN THE FAR EAST

1. Since the conclusion of the talks between President Truman and Mr. Attlee, the State Department has undertaken, through Mr. R.G. Arneson, to clarify the meaning and intent of the results of the Truman-Attlee discussions in so far as they concerned the use of atomic weapons. Reference to this question is contained in the penultimate paragraph of the Joint Communiqué issued on Friday, December 8th, which included the following paragraph:

"The President stated that it was his hope that world conditions would never call for the use of the atomic bomb. The President told the Prime Minister that it was also his desire to keep the Prime Minister at all times informed of developments which might bring about a change in the situation."

In a further interview between Mr. Arneson and Mr. Ignatieff, Mr. Arneson, on authority of the Secretary of State, gave Mr. Ignatieff a letter (two copies of which

are attached) in which he was authorized to state that "the Canadian Government is in the same position with respect to the foregoing as is the United Kingdom Government".

2. Mr. Arneson also furnished some further light on what passed between the United States and United Kingdom delegations during the Truman-Attlee talks on the question of the possible use of atomic weapons, and this is contained in a further memorandum of conversation, two copies of which are attached.

3. The interpretation placed by Mr. Arneson on the language of the Communiqué does not seem to me to meet the views put to the President by Mr. Attlee and also put to the Department of State in the Canadian Memorandum of December 6th. Mr. Attlee, however, has declared himself to be "completely satisfied" with the assurances given him by Mr. Truman during his visit. I therefore thought it well to consult the British Ambassador today, and he has given me, on a personal basis, an account of the discussions last week on this subject. He asked me not to report what he had said to me unless I was sure that it was necessary so that you and the Prime Minister might understand the position. I assume that Mr. Attlee during his visit to Ottawa explained the situation to the Prime Minister, and I therefore shall not report the information given me by Sir Oliver Franks unless you request me to do so.

4. My Despatch No. 3144 of December 7th contained the notation that a copy was being referred to the Canadian Delegation in New York. This copy was in fact given personally to Mr. Pearson in Washington on December 7th or 8th, and it will not be included in the files of the Canadian Delegation. I am therefore not referring a copy of this despatch to the Delegation.

H.H. WRONG

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note

Memorandum

TOP SECRET [Washington], December 11, 1950

KOREA AND THE ATOM BOMB

Memorandum of conversation between Mr. R.G. Arneson, Special Assistant to the Secretary of State on Atomic Energy, and Mr. G. Ignatieff, December 11, 1950.

Mr. Ignatieff saw Mr. Arneson again on December 11th to follow up the talk which took place on December 6th, when he gave Mr. Arneson a copy of the Memorandum containing the views of the Canadian Government on the possible use of atomic weapons in the Far East.

The conversation on December 11th took place at the request of Mr. Arneson, as he said that he was in a position to give certain written comments on the questions discussed with Mr. Ignatieff on December 6th. Mr. Arneson opened the conversation by recalling that the Canadian Government Memorandum stated in particular that there should be consultation among the governments principally concerned

before a decision to use the atomic bomb was made. He had now been authorized by the Secretary of State to give a written statement of the U.S. Government's position on this question in the light of understandings reached between Mr. Truman and Mr. Attlee during their meetings in Washington. The text of the written statement given to Mr. Ignatieff is contained in a letter dated December 11th, a copy of which is attached.

Mr. Arneson said that he had also been authorized by the Secretary of State to give a verbal explanation of this understanding. He also undertook to give Mr. Ignatieff an account of how the penultimate paragraph, referring to the discussion between President Truman and Mr. Attlee on the use of the atomic bomb, came to be inserted in the joint communiqué on December 8th.

He explained that Mr. Attlee had raised the question of consultation between the U.K. and U.S. Governments before atomic weapons are used, in a private meeting at which no others were present. No written statement of the U.S. position passed between President Truman and Mr. Attlee. Mr. Arneson explained that the "statement" to which he had referred in his conversation with Mr. Ignatieff on December 6th was a United States "position paper" for the use of the United States participants in the Attlee-Truman talks, and had not been given to the United Kingdom delegation. When the joint communiqué of the Attlee-Truman talks came to be drafted on December 8th, Sir Roger Makins, who was the U.K. representative on the drafting group, suggested a reference to the verbal exchange between President Truman and Mr. Attlee, in terms which, in the opinion of Mr. George Perkins (the U.S. representative on the group), seemed to go beyond the United States position as stated in the U.S. "position paper". A meeting was hurriedly called at the White House between U.S. officials concerned, at which Messrs. Acheson, Lovett, Harriman, Snyder, and Arneson were present. It was decided to recommend to President Truman that an agreed text should be included concerning the use of atomic weapons in the joint communiqué to avoid the possibility of any misunderstanding arising in the future. A text was submitted to President Truman. After approving it, the President suggested that Mr. Acheson should see Mr. Attlee and Sir Oliver Franks personally to obtain their concurrence. With minor alterations, the language used in the joint communiqué was agreed to in this manner.

Mr. Arneson went on to explain that the language so used was the only authoritative record of what had been agreed between President Truman and Mr. Attlee on this question. The decision to make this understanding public was due to the fact that there was some apprehension on the part of the President and his advisers that some misunderstanding might arise, particularly in the Congress, on what assurance President Truman had in fact given to Mr. Attlee in their private conversation. In the Blair House meetings called by President Truman a year ago last summer, for the purpose of consulting with the Joint Congressional Committee on Atomic Energy before the tripartite discussions were resumed in the fall of last year, the President had given assurance to the congressional representatives that there would be no secret commitment made to any foreign government without prior consultation with and the consent of the Joint Congressional Committee. Mr. Arneson also recalled the strong objections expressed in the Joint Congressional Committee, when it was consulted on the negotiations leading to the *modus vivendi* of 1947-48,

when the question came up of renewing the undertaking contained in the Quebec Agreement that the United States would seek the consent of Canada and the United Kingdom before using atomic weapons. Mr. Arneson explained that it was the considered view of the United States Administration that there could be no return to the position stated in the Quebec Agreement.

He said that the State Department wished to make it quite clear that what the President had undertaken to do in respect of Prime Minister Attlee, and would be prepared to do in respect of the Prime Minister of Canada, was to consult on the conditions or circumstances which might in the future give rise to a situation in which the atomic bomb might be used. The Administration could not undertake a commitment which would bind it to obtain the prior consent of any other government before atomic weapons are used. The language included in the joint communiqué had, in fact, enabled the President to inform the Joint Congressional Committee on December 11th, that it was the President's understanding that the United States Government had not relinquished in any way its power of decision to use atomic weapons.

Mr. Arneson concluded the conversation by referring again to the remarks which he had made to Mr. Ignatieff on December 6th. He thought that the position which had now been clearly established was that the consultation between the three governments would be on the developing international situation and the military measures which it called for, rather than upon the use, in a particular situation, of atomic or any other kind of weapons.

[PIÈCE JOINTE 2/ENCLOSURE 2]

L'adjoint spécial au secrétaire d'État des États-Unis
au conseiller de l'ambassade aux États-Unis

Special Assistant to Secretary of State of United States
to Counsellor, Embassy in United States

SECRET Washington, December 11, 1950

Dear George [Ignatieff]:

In our discussion together on Wednesday afternoon December 6, 1950 you set forth the views of your Government on the question of the possible use of atomic weapons in the Far East. You stated that your Government was strongly of the view that before a decision was taken on the matter of use, there should be consultation among the Governments principally concerned.

The Joint Communiqué issued on Friday, December 8, 1950, reflecting the results of the Truman-Attlee meetings contains the following statement concerning atomic weapons:

"The President stated that it was his hope that world conditions would never call for the use of the atomic bomb. The President told the Prime Minister that it was also his desire to keep the Prime Minister at all times informed of developments which might bring about a change in the situation."

I am authorized to inform you that the Canadian Government is in the same position with respect to the foregoing as is the United Kingdom Government.

Sincerely yours,

R. GORDON ARNESON

[PIÈCE JOINTE 3/ENCLOSURE 3]

Note de l'ambassadeur aux États-Unis

Memorandum by Ambassador in United States

TOP SECRET [Washington], December 13, 1950

TRUMAN-ATTLEE DISCUSSIONS ON ATOMIC QUESTIONS

I showed Sir Oliver Franks this morning the record of the two discussions between Ignatieff and Arneson. I said that I thought that the account given by Arneson to Ignatieff on December 11th of what went on in the talks must be incomplete in some important respects. Although I imagined that Mr. Attlee, when he was in Ottawa, had filled in the gaps during his discussion with Mr. St. Laurent, I would welcome such information as he could give to guide me in reporting to Mr. Pearson.

Sir Oliver said that he would give me, on a personal basis, an account of what went on, with the understanding that I would be free to pass on what part of it I thought necessary in order to ensure that the Prime Minister and Mr. Pearson understood the situation.

Mr. Attlee had raised the matter with Mr. Truman in a private conversation before one of the meetings and had particularly requested that there should be consultation with the United Kingdom and Canada before any decision was taken to employ atomic weapons. Mr. Truman had given him verbally a full assurance in the sense desired. The advisers were then called in and Mr. Truman repeated this assurance in their presence. The assurance of prior consultation had been written into the first drafts of the Communiqué and had not been questioned on the U.S. side during several revisions of these drafts. On the last day of the meetings, however, while Mr. Attlee and the British party were waiting for the final approval of the Communiqué, Mr. Acheson called Mr. Attlee and Sir Oliver into the President's office and explained why it was undesirable that the Communiqué should include a commitment for prior consultation, for reasons similar to those given Mr. Ignatieff by Mr. Arneson. He added that he was sure that it would prejudice the prospects of a successful resumption of the tripartite negotiations if the language of the Communiqué were not changed. He then produced a draft of his own, which was so reserved in language that Sir Oliver said that it sounded minatory instead of reassuring. Finally, they worked out the language employed in the Communiqué.

Sir Oliver said, however, that the verbal assurances given in very explicit terms by the President were not withdrawn and that therefore the phrase used, "to keep the Prime Minister at all times informed of developments which might bring about a change in the situation," really meant that there would be prior consultation with

the Governments of the United Kingdom and Canada before a decision was taken to employ atomic weapons.

Mr. Attlee's endeavour is to stick to the line that his discussions with the President on this point were, as he said in Parliament yesterday, completely satisfactory without giving his interpretation of this passage in the Communiqué. Sir Oliver thinks it likely that he has informed Mr. Churchill in strict confidence of what actually transpired, and he hopes that Mr. Churchill will therefore use his influence to prevent further pressure on Mr. Attlee in the House of Commons.

191. DEA/50069-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 649 New York, December 15, 1950

CONFIDENTIAL

Repeat Washington No. 83.

KOREA

1. The joint draft resolution presented by thirteen Asian countries providing for the establishment of a committee of three persons to determine the basis of a cease fire was passed in the First Committee on December 13th by 51 votes in favour, 5 against (the Soviet Bloc) with China abstaining. It is the first vote on the Korean issue in which the initiative has been taken by the Asian countries themselves and in which the Asian, Middle Eastern, and Western Powers, as well as Yugoslavia, have been lined up solidly together. The initiative throughout in the preparation of this resolution was taken by India and the leadership of India seems to have been accepted naturally by the others with the exception of Romulo. Thailand and Turkey, both of which have strong views about taking any action which might imply a compromise in any way with Communist forces, did not join the other Asian countries, but voted in favour of the resolution.

2. Up until the last moment there seemed to be serious difficulties. The original intention had been to present a single resolution providing for negotiations after the cease fire had taken effect. This original draft was accepted by the United Kingdom, but Romulo opposed it as unacceptable to the United States. The Asian Group agreed then to present two resolutions, the first one containing the principle of a cease fire and the second one containing the principle of subsequent negotiations. The Philippines did not join in sponsoring the second. From the Indians we gained the original impression that they wished to pass the second resolution very shortly after the first as the second resolution was considered to be the bait which might induce Peking to accept the first. At a Commonwealth meeting Wednesday morning, however, Rau did not press this view and indicated complete agreement with

the view that there could be no talk of negotiation until there had been some indication of compliance with the cease fire.

3. The discussion of the Asian resolution in Committee has been, on the part of the supporters generally, of a high order. Austin was simple and brief and unprovocative. Younger was careful to explain that although his Government was prepared for negotiation, they were not prepared to make dishonourable concessions. Some of those who ultimately supported the resolution indicated grave doubts, in particular the Turkish and Greek representatives. Santa Cruz,[80] expressing the view of a good many South Americans, said that he accepted the resolution, but without optimism.

4. Malik quickly made it clear that this proposal was not acceptable. He, and more particularly his satellite colleagues, emphasized that the United States had not wanted to cease fire when they were winning, but were anxious now to stop the fighting so that they might regroup in order to renew the attack. He effectively exploited the fact that Romulo, the American agent, had sponsored the first resolution, but not the second. He quoted from Younger, Austin and other speakers to prove that the Anglo-American Bloc wanted only a cease fire and had no serious intention of going through with the negotiations. Throughout, he was polite to the Asian countries, whom he considered to have been well-intentioned, but whose good intentions would have no results because the Americans were determined not to carry out these intentions. Malik did not at any point, however, say that even if the second resolution were accepted, his attitude toward the first would change. He reiterated that the only solution was to be found in the Soviet draft resolution calling for the withdrawal of all foreign troops. In a subsequent reply, he challenged my statement to the effect that he had excluded the Chinese "volunteers" from his provision for the withdrawal of all foreign troops by declaring that his draft resolution spoke clearly of all foreign troops. The withdrawal of the Anglo-American forces, he said, would dispose of the need for the Chinese "volunteers". It might perhaps be noted that he did not specifically equate the Chinese with the United Nations forces in Korea and might have been implying that the Chinese volunteers would not have to leave until the United Nations forces had first withdrawn.

5. Rau, in his statements, spent a good deal of time persuading doubters on the Western side that the Asian proposal was honourable and not an invitation to a bargain. He was careful to avoid provocation of either Peking or Moscow. In reply to Malik's charges of American insincerity, Rau said that he had every hope that if the first resolution was successful, the second would have an easy passage through the Assembly.

6. Sharrett of Israel in the course of the discussion tentatively put forward some of the ideas contained in the Israeli proposals made to us last Sunday (my telegram No. 616 of 11th December).† These proposals have remained in abeyance partly because of the cool reception of the United States and partly because attention has shifted to the Asian proposals. The Israelis have continued to believe, however, that

[80] Hernán Santa Cruz, délégué permanent du Chili auprès des Nations Unies.
Hernán Santa Cruz, Permanent Delegate of Chile to the United Nations.

their suggestions would have a better chance of appealing to the Chinese and have hoped for some support, particularly from among the Commonwealth countries.

7. The Asian resolution passed through plenary today and the President announced the names of his colleagues in the effort to arrange a cease fire, and they had a preliminary meeting this afternoon.[81] Fortunately, no time limit has been set for a report back to the Assembly by the President. Negotiation may not take long if there is a flat rejection by Peking or North Korea, but if there is any hope of success, the negotiations may well be prolonged.

8. Before the vote in Committee, there had been general agreement among the supporters of the resolution that after it had been passed, all discussions in the First Committee should be suspended. The remaining items are all related to the Far Eastern situation and could hardly be adopted successfully or in an atmosphere conducive to successful cease-fire negotiations. The intention was that although the visiting delegations would depart, the Assembly would remain in session and would be called again either in plenary or First Committee after the President had reported the results of his discussions on a cease fire. At the conclusion of Wednesday's meeting, Fawzi Bey attempted to make this understanding explicit and, of course, provoked Malik into vigorous protest. The meeting was adjourned before there was any clear understanding, but it is hoped that the Chairman will follow the timetable mentioned above.

192. DEA/50069-A-40

Note du sous-secrétaire d'État suppléant aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Deputy Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], December 18, 1950

MEMORANDUM ON KOREA

Our memorandum on Korea achieved at least three objectives. It put the Canadian view before a large number of governments as a North American view differing somewhat from that of the United States. It elicited the views of some of the governments approached. Finally it indicated our desire to consult with friendly governments on a grave issue of mutual concern. It is interesting that special mention was made to our representatives in a number of countries of the value of such consultation. It is impossible to know to what extent our views may influence the stand of other governments, although we can assume that the Canadian views were discussed in the various Foreign Offices and with their representatives in the

[81] Nasrollah Entezam a demandé à L.B. Pearson et sir Benegal Rau de se joindre à lui au Comité du cessez-le-feu. Voir la section suivante.
L.B. Pearson and Sir Benegal Rau were asked by Nasrollah Entezam to join him on the Cease-Fire Committee. See following Section.

United Nations. Generation of such discussion itself, would be an achievement not without merit.

2. We have received some 20 replies based on conversations with qualified spokesmen of the governments concerned. While it would not be wise to read too much from the necessarily limited information we have received, that information tends to confirm what we might expect the reactions of the various governments to be.

Europe

3. Replies from European capitals in general indicate their natural desire to see the principle of collective security upheld. They are concerned with the possibility of the fruitless dissipation of the limited resources of the democracies in the Far East, which although important must in the global scheme be given second priority. Their deep concern at the possibility of the outbreak of a general war is made apparent. In the main, they favour direct negotiation between the United States and China, and for that reason, would prefer not to label China as an aggressor. There was a general reluctance to express views on the question of Chinese admission to the United Nations and Formosa. (The Italian Foreign Ministry did suggest that Communist Chinese admission to the United Nations should be coupled with the admission of Italy, since such a move would serve to remove the appearance of the decision made under duress and "would not alter the present proportion of friends and adversaries of America"). Our representative in Sweden got the impression that the Foreign Office was not anxious to play an active role in the situation — an impression borne out by the rather negative stand taken by the Swedish Minister in an interview with me on December 9.

The Commonwealth

4. Divergent views were expressed in Commonwealth capitals. Entire agreement with Canadian views was found in Karachi. The Government of Pakistan was especially anxious that the war be localized and that direct negotiations with the Chinese Communists be initiated. Our views were "close to the thinking" of the Indian Government, whose views we know to include the necessity of a cease-fire followed by negotiations between the United States and China, which must include discussions of Chinese representation in the United Nations and Formosa. South Africa stressed the importance of standing firmly behind the United States. Australian officials referred us to Mr. Spender's speech of December 2, in which the main outline of Australian policy was contained, including resistance to aggression, limitation of the area of conflict and the importance of peaceful negotiation. Mr. Spender indicated in addition that consideration should be given to "the special Australian point of view as distinct from a purely European point of view" in determining action against aggression in the Far East.

5. There did not seem to be any serious disagreement with the views expressed in our memorandum, except possibly in New Zealand. Mr. Doidge said (December 4) he could not agree to "appeasement". He did not believe the issues of Chinese representation in the United Nations or the status of Formosa should be considered as bargaining points. In public statements he has expressed unqualified acceptance of

United States and United Kingdom leadership — leadership which in his own words New Zealand was prepared to accept "almost blind-folded".

6. More recently (December 13), however, and perhaps partly as a result of our memorandum, the New Zealand Government has, in a note to the United States, counselled caution in taking action to brand Communist China as an aggressor. It has indicated further that it would wish to consult with other members of the Commonwealth before making any final decision as to its stand in the present crisis.

South America

7. Replies from South American officials were couched in broad terms. Their general tenor was similar to that expressed in a memorandum from the Chilean Ministry of Foreign Affairs, which read in part "Chile is disposed to ... comply faithfully with her obligations, those having reference to stipulations of the Charter of the United Nations Organization as well as those deriving from regional pacts." The Cuban Ministry of State pointed out that, since the Cuban Government was dependent to a large extent on United States sources for its information, it would be difficult for Cuba to take an "adverse attitude".

United States

8. We heard only briefly from Washington. Mr. Matthews, Assistant Secretary of State said that the State Department would agree with most of the views expressed. He believed that if it were possible to arrange a cease-fire it would be the Soviet Government which would make the real decision.

9. Summaries of a few reports of the comments of other Foreign Offices are attached.† They include only reports which throw light on the policy of the government concerned.

E. R[EID]

7e PARTIE/PART 7

COMITÉ DU CESSEZ-LE-FEU
CEASE-FIRE COMMITTEE

193. L.B.P./Vol. 1

Extrait du journal du secrétaire d'État aux Affaires extérieures

Extract from Diary of Secretary of State for External Affairs

[n.d.]

KOREAN CEASE-FIRE
NEGOTIATIONS AT THE UNITED NATIONS

December 15, 1950 (Friday)

The President asked the two of us, Rau and myself, to begin our "cease fire" work by lunching with him. Also present were General Crittenberger and Gross,

representing the Unified Command. At lunch we discussed very informally questions of procedure — how our Committee might operate. Gross was anxious that we should not give the impression we were mediating between two conflicting parties of the same status. We assured him that we would keep that very much in mind. We were one agency of the United Nations and the Unified Command another agency of the United Nations. The other party to the conflict was an aggressor.

Gross also seemed anxious for us to finish our work as quickly as possible and report to the First Committee, which has been called to meet on Monday. Gross was of two minds as to whether, on Monday, the First Committee should start debating Formosa, or whether we should try to postpone its meetings until we had finished our "cease fire" work. Dulles apparently wanted to give his reply to Vishinsky's charge of U.S. aggression against China, which, he says, he has been prevented from giving for some time. I argued strongly for not proceeding with the agenda of the First Committee until we had finished our work on the "cease fire". Rau supported this strongly, and Entezam not so strongly. Gross indicated that there was a division in the U.S. delegation on this point.

After lunch we met in the President's office. Gross, who did most of the speaking for the Unified Command, produced a plan for a "cease fire", which would be satisfactory to the Unified Command. (See memorandum on this subject of today's date, attached as Annex I.)† We discussed this for some time, emphasizing how important it was to keep it secret at this stage. I took the position that we would not confront the Chinese formally with an agreed plan submitted to us by the Americans, but that we should indicate to the Chinese that we had received information from the Unified Command about a plan that we thought reasonable and on which they might wish to comment; or produce some ideas of their own. The Unified Command made it clear that their plan was not submitted for bargaining. Our Committee thought it to be a very reasonable and sensible arrangement, which made a good many concessions to the opposite side, such as representation on the agency for the supervising of the plan.

I asked General Crittenberger if he would tell me, for my own information, whom we should get in touch with on the other side; who was the high command in North Korea. He said the best information on that could be got from the Chinese Nationalists, who know all about the Chinese Communist generals. There is apparently, however, a Chinese Communist general who is running the whole campaign from Manchuria.

After Crittenberger and Gross had left, we discussed our further procedure and decided that we would not rush matters. We would first examine the Unified Command plan and not contact officially the Chinese Communists until we had some indication whether an official invitation to them to appear before us would be one that they could accept, or whether it might bring forth quick and final refusal. I suggested that we first send them, formally, a copy of the United Nations resolution establishing our Committee, and Rau, who was seeing them tomorrow, would then tell them unofficially that we would be glad to see them whenever they wished. But we should not rush them or put all our eggs in that particular basket. The Chinese Communists here might, in fact, have no authority to talk to us at all.

Meanwhile, the Secretary-General had joined us and he said that he had seen the Chinese Communists during the morning and that they had been very tough. They had taken up a British request, made through him, about prisoners of war, and it got a very curt and rude reception. Trygve Lie was a little depressed about all this, especially as he is not satisfied with the way in which our Committee is likely to operate. He does not think much of Benegal Rau, who, he says, does not know how to handle the Communists, or how to talk to them effectively. However, he was pleased that he had been asked to join us this afternoon, and he agreed to put at our disposal Feller and Katzin for secretarial work. He also agreed with our general line of procedure.

I suggested that after our meeting we have a press conference; that we had better let the press see us; and explain to them our difficulties. We did this and gave them a short communiqué, which I drafted. There were a good many questions, but the press, who were grateful for the conference, did not try to embarrass us.

Trygve Lie then left us to see the Chinese Communists, who had asked for an appointment at Lake Success for 5.30. Later he told me about this visit over the phone, and asked me to join Entezam and Rau at his house in Forest Hills at 9.00 p.m.

We found him excited and depressed over the afternoon meeting with the Chinese. Chiao did most of the talking at that meeting and confirmed the impression that he was the No. 1 man. They told Lie that they had already informed Sir Benegal Rau that they did not recognize our Committee and were unwilling to talk about a "cease fire", except on terms already made quite clear to Rau, who should have made them quite clear to us. Unless there were negotiations about a political settlement in Korea, the withdrawal of foreign troops, and Formosa, along lines indicated by Malik, they could not talk about any "cease fire". They used language which, according to Lie, was completely "Russian", and very much like Malik's speeches in the First Committee. They complained that they had been sitting around waiting for the question of Formosa to come up; that they had heard on the radio that the Assembly was over, so they were going home to Peking. They asked Mr. Lie, whom they thanked very warmly for all his help and courtesy, to get them "passports" and travel accommodation on a BOAC plane leaving next Tuesday, and to arrange for a press conference tomorrow, Saturday, at 3.00 o'clock, where they would make a statement. Lie said that he pleaded with them not to do this, and that he talked "very tough" with them. He told them that they were in danger of precipitating war if they broke off like this, because it would be interpreted here that the Chinese Communist Government had no interest in bringing the war in Korea to an end. He asked them to put off their press conference, and to see the Cease Fire Committee, which, he said, had been working hard all day, and which was composed of men who were doing their best to make peace. The Chinese admitted that the three men were good and trying to make peace, but said that there were other men who were not good and, therefore, there was no hope for these three! In any event, they said these great matters of peace and war would have to be decided on the highest plane. The top men should get together. Lie asked them if they meant Mao, Stalin and Truman, and they indicated that that was the kind of thing they had in mind. Lie said he kept urging them not to leave New York now,

but they kept replying that they could not talk about "cease fire", as they had no instructions to discuss this resolution, which was illegal in any event. Also, their government wanted them to come back by air to Peking for the "passing over of the New Year"! They said, however, that it was very simple to go to Peking and very simple to come back if they had to. Lie was unable to make any further impression on them.

Lie then asked Rau if the Chinese had not told him their decision that morning. Rau said "no", but that they did tell him that they could not negotiate a "cease fire" arrangement unless we were willing to negotiate other things as well. Rau had pointed out to them this morning, as Lie pointed out to them this afternoon, that the "cease fire" resolution *did* provide for general negotiation, but only after a "cease fire" had been worked out. They did not seem to understand this part of the resolution, which Rau tried to impress on them.

Rau then phoned to see if he could go and see the Chinese tonight. They had told Lie that they were going to be in to see Mr. Truman on the television. When Rau phoned, however, he was told that they were not in, but would let Rau know in the morning whether he could see them then. If he does see them he will tell them how shocked he was to hear they were going away so soon; that we would be glad to see them before they go. Our hope was to discuss matters with them before their press conference. We agreed that if they won't see us, we must not consider that this means the end of our work, as they are merely officials of the Chinese Government. We should write them formally expressing our interest in seeing them in respect of this resolution, as representatives of their government, but adding that we would be quite willing to establish contact with their government directly in the matter, or with the North Korean military authorities. We agreed that we should also send a message direct to the Peking Government saying we had not been able to discuss these matters with their authorities here, and that we would be glad to discuss them with representatives of the Peking and North Korean Governments at any place that was mutually satisfactory.

I asked Lie whether he thought that the Chinese delegation here had lost face, and their government were recalling them merely because they had been forced to hang about. He said he did not think so.

Lie was very depressed. He said his discussion with the Chinese this evening, and their demand for transportation home, reminded him very much of his interview with the German Ambassador the night the Nazis descended on Norway. We all agreed, however, including Lie, that we must not let the attitude of the Chinese Communists here prevent us going right ahead and doing what we can by any method open to us.

Kenneth Younger had an hour's talk with the Chinese this afternoon, which he reported to Lie. Younger was also depressed by his contact. He brought his own interpreter with him, an Englishman, who said that the Chinese spoken by these people was the roughest kind of gutter language, bitter and crude.

Lie's view is that they are getting orders from not only Peking, but from Russia. As the Russians are leaving, they decided that they should leave too.

It has been a gloomy day, but I think that too much of this has been caused by the language and attitude of Wu and Company. After all, we shouldn't expect them to be polished and courteous and friendly. But apart from their methods, there is quite enough in the facts of the situation to warrant a good deal of pessimism about the results of our "cease fire" work. But at all costs, we must try everything before we admit failure.

December 16, 1950 (Saturday)

This was as interesting a day as yesterday, and about as discouraging. In the early morning, Riddell and I drafted a letter to send to the Chinese Communists before they held their press conference this afternoon. The communication is attached in final form (Annex II)† which is practically the same as that which we drafted here. I also worked on a draft of a communiqué (Annex III)† which could be given to the press after the Chinese conference, in case the Chinese statement seemed to make such a communiqué desirable. It would emphasize that flat rejection of any discussions by the Chinese Communists here did not necessarily mean the end of our work; that we must try to keep these negotiations going on, even if it means a trip to Peking! This is desirable, both on political and military grounds.

At 11.00 o'clock Entezam phoned me to see if I could join him and Rau at his suite at the Ritz Towers at noon. Rau had reported to him that his efforts to get in touch with the Chinese Communists had been unavailing. They claimed that they were too busy to meet him during the morning, but would see him that evening.

Younger came in to see me at 10.00 o'clock to report on his talk with Wu, and also to find out how things stood. He is very anxious that we should not submit a negative report on "cease fire" to the First Committee at once, as this might be followed by U.S. efforts to take further steps against the Chinese Communists. Such further steps should not, in his opinion, and in mine, be taken until there has been consultation between the governments chiefly concerned, so that we can find out exactly where they will lead us.

I met Entezam and Rau at the former's hotel at noon, and they agreed with my draft to the Chinese with one or two minor changes. We then had it typed and despatched by messenger to the Chinese at the Waldorf, having previously telephoned them that it was coming.

After luncheon we motored out to Lake Success and met in the President's office there with the Secretary-General. He said that there had been no indication of softening on the part of the Chinese, who would be arriving any minute for their press conference. We then listened, through a loud speaker in the office, to Wu read his statement to the press. It was not too bad and did not include any reference to their departure, or to their refusal to negotiate with the Cease Fire Committee. At the same time, he handed out to the press a long statement which he would have made in the First Committee on Formosa and U.S. aggression against China, if he had been permitted to do so. (Annex IV).† What they are trying to do is show that they have been prevented from making such a statement because of changes of procedure on the part of the First Committee. These tactics do not, however, square with the fact that the First Committee will meet on Monday, and may possibly even decide to discuss Formosa. Lie said that while Wu and his friends insist that they

are going home Tuesday, they have not indicated that they will not turn up on Monday at the First Committee. He still thinks that there is some small chance that they may change their plans, especially after they read our letter.

While we were in one room, the Secretary-General discussed matters with the Chinese (after the press conference) in an adjoining room. He found out that they had not received, or at least read our letter, so he proceeded to read it to them from a copy which we had given him, and it was then translated into Chinese. They were very interested, but indicated that they would make no change in their plans for departure. Lie then asked them if they would like to see the Cease Fire Committee, which was meeting in the next room. They said that they had high regard for the members of the Committee personally, but that this was a political matter which they were not able to discuss with the Committee officially, as they did not recognize the resolution setting it up. They said, however, that they would like to see Mr. Entezam, as President of the Assembly, not as a member of the Committee. Entezam, therefore, had a half an hour with them, which he said was devoted largely to an exchange of courtesies, ardent assertions of Asiatic solidarity, expressions of appreciation on the part of the Chinese of the motives behind Asian intervention in the Assembly, and of fear that the Americans, however, would make peace in the Pacific impossible. Entezam claims that he gave them some good advice, but that he did not talk to them at all about the Cease Fire resolution. We will leave that to Rau who is having dinner with them tonight.

Meanwhile, we decided not to issue any press communiqué, but to tell our press officer to emphasize to the journalists that our work had not finished and that, if necessary, we would get in touch with the Peking and North Korean Governments direct. The chances of this happening are, however, very slight. It is difficult to see what can be done, but we will be a little clearer on this point tomorrow when Rau reports about his dinner with the Chinese.

In addition to sending the letter to the Chinese Communists here, we had the Secretary-General cable it to the Peking Government direct. The cable is attached as Annex V.† Wu, according to Trygve Lie, did not seem to worry about us going over his head in this manner.

We also agreed to make an interim report to the First Committee on Monday on the progress (?) of our negotiations for a "cease fire". We would emphasize that this was merely an interim, and not a final report. I suspect that some of the U.S. people would like to make it a final report.

December 17, 1950 (Sunday)

Rau phoned me this morning to see if I could meet Entezam and him this afternoon, as he would like to report on his evening with the Chinese. Accordingly, we met at Entezam's flat at 3.30, when Rau reported to us on his evening with Wu & Co.

Our Indian colleague, who is becoming more and more spiritual and ghost-like as our work proceeds (it has been a very great strain on his far-from-robust physique), spent about four hours with his Chinese friends and found them, as usual, friendly and full of talk about peace and Asian co-operation. At the same time, whenever he confronted them with the concrete questions and problems arising out

of the present situation in Korea, and in the United Nations, they did not budge an inch from the stubborn position that they had previously taken; namely, that all that was required was for the American aggressors to get out of Korea and Formosa and stay out. They insisted that the "cease fire" resolution was merely a trap, and one which they would not walk into. They also indicated that no fire crackers had been set off in Peking at the possibility of our arrival there to negotiate! In fact, they thought we would be wasting our time in going to Peking, which, I suppose, we would. Rau was very discouraged about it all and I think that he is losing most of his illusions about negotiating with Communists. However, he was cheered up by the farewell remarks of the Chinese. They urged him not to give up hope, but keep on working with the other members of the Committee for a "cease fire" and peace. Rau seemed to think that this meant that the door was not closed, but, of course, it may only mean that we are to keep on working to get the Americans to alter their "aggressive" policy.

The three of us then discussed the procedure we should follow at the First Committee tomorrow. After making our interim report (I think Rau should do this) we can try to get the Committee to adjourn until we make our final report. Alternatively, we can (1) continue discussion of the Russian item of American aggression in China and Formosa, which would bring a long speech by Dulles or Austin, (2) discuss the 6-Power Resolution on Korea, or (3) the second Asian resolution, which provides for negotiation, through a committee, of outstanding differences in the Far East. Rau, of course, favoured this latter course, as he thought that it would help to remove the feeling which is strong in Communist minds that the first resolution was merely a trap to get a "cease fire" without any commitment to subsequent negotiation. There may be something in this, and we rather hope that the Committee would adopt this procedure, but the Americans may be bitterly opposed to it. I, therefore, suggested that we meet again at 8.30 and get Gross and Jebb to attend. I said that I would arrange the meeting. Later I telephoned Gross and Jebb and they will be on hand.

I also had a talk this afternoon with the Secretary-General who thinks that we should now call off "cease fire" negotiations altogether, admit failure, pass the 6-Power Resolution, and then refer the whole question of what action, if any, should be taken against the Chinese, if they continue aggression in Korea, to the Collective Measures Committee set up in the United Action For Peace resolution. I do not know whether Lie is influenced more by his desire to spend Christmas in Norway, or to strike another blow for collective security in the United Nations. He kept warning me that we must now be very careful in the "Cease Fire" Committee not to give the impression that we are "appeasing" the Chinese. I had thought of suggesting that he should come to our meeting tonight, but after talking to him, decided that he would not be much help.

December 18, 1950 (Monday)

We met last night from 8.30 until nearly midnight at the Ritz Towers. In addition to the President, Sir Benegal and myself, there were present also Gladwyn Jebb, Ernie Gross and a colleague from his delegation, and Dayal of the Indian Delegation.

We at once tried to urge on Gross the advantages of discussing and voting on the second Asian Resolution to remove Chinese fears that we were not serious about negotiating Far Eastern issues once the "cease fire" had taken place. We pointed out that this did not involve any additional commitment, because, in fact, we were committed to this course of action by the Preamble of the Asian Resolution we had already passed. We also argued that Mr. Attlee and Mr. Truman, in their communiqué from Washington, had committed themselves to the principle of negotiating with the Chinese Communists. Why, then, not proceed at once with the second Asian Resolution, which would improve the atmosphere and, therefore, help the work of the Cease Fire Group.

Jebb would have gone even further and amended the Resolution to indicate that in the negotiating committee referred to, there would be included the U.S., U.K., U.S.S.R. and the Peking Governments. Gross could not take this at all, as it would appear to exclude the Chinese Nationalists. He did, however, toy with the idea of agreeing that the Resolution should be amended to refer to the "governments and authorities especially interested" as members of the negotiating committee. Gross thought that we were paying too much attention to Chinese Communist suspicions, and that in our preoccupation with their worries about a trap, we were losing sight of the fact that we might be making a trap for ourselves. He said that his government did not intend to back down from the Truman-Attlee communiqué, or to exclude the Chinese Communists from Korean negotiations, but that was a very different thing from specifically including them in a U.N. resolution at this stage. It is, of course, easy to understand the American position on this point, even though we may not approve of it. A resolution of this kind, which would specifically include the Chinese Communists in a negotiating committee, would, in fact, be a formal recognition of them, and almost an equally formal exclusion of the Chinese Nationalists. Gross was quite certain that Washington could not accept this.

I then tried to argue that we should leave the membership of the negotiating committee entirely open; and discuss and pass on the rest of the resolution. The President of the Assembly did not like this much, as he felt that once the resolution was passed, the names of the states would have to be filled in and we would be almost immediately up against the question of Chinese representation — the main point at issue. We had much talk but made little progress, and at the end of the evening I suggested that possibly we might reach agreement on the following course. When the committee met, the Cease Fire Group would make its interim report, and in that report emphasize that "cease fire" and negotiation were tied together, and as soon as one was arranged, the other would begin; also, that in the negotiation, the Chinese Communists would naturally be included in some appropriate form, making reference to the Truman-Attlee communiqué, to show that this was in the minds of those two governments. The U.S. and U.K. would then support this statement, thereby, it was hoped, removing Chinese Communist fears and suspicions. This suggested procedure was generally approved.

However, when I reached Lake Success this morning, I found that there was great confusion as to how we should act. Sir Benegal had overnight changed his mind on two things. First, he did not want to make the report on behalf of the Cease Fire Group, as I gathered he had received messages from New Delhi warning him

against taking too active a part in our work. In fact, he indicated to me that his Prime Minister had said that if I were not on the Group, he would not be able to continue. Apparently they have some confidence that I will not allow Sir Benegal to get into too much trouble! He also did not think now that we should make a long statement as an interim report, in an effort to argue away Chinese fears. He felt that this might merely produce a debate which would not improve the atmosphere. He felt, therefore, that I should make a short interim statement, merely reading the cable we had sent to Peking, and explaining factually what we had done. After discussing the matter with Gross and finding that, in any event, the U.S. would not be able to support the longer statement along the lines indicated last night, I agreed to do this.

We then had several huddles before the meeting as to what we should do after we had made our interim report. The Americans did not seem very clear as to what they wanted, but agreed that they would not oppose a motion for adjourning until the Cease Fire Group was in a position to report again. When the committee met, therefore, I made my report, which got a friendly reception, even from Malik, and then after a considerable wrangle we adjourned.

After the meeting of the Committee, Rau, Entezam and I had a discussion. Rau now thinks that we should draft a statement for the press along the lines of the one we discussed last night, as a final effort to prove to the Chinese Communists that we were serious about negotiation after a "cease fire" took place. He said that the Asian group were very anxious that some such statement should be made, and they thought that it should come from our Committee. I agreed to try my hand at this and sent a draft over to them this evening. (Annex VI).†

Meanwhile, after a talk with the Secretary-General we decided that Rau should try to see the Chinese once again before they left, and report to us tomorrow. If there is no response from them or from Peking by Wednesday, we will then suggest to the Chairman of the Political Committee that he tell his members that there will be no meeting until January 3rd. By that time we will have our formal report ready, explaining our failure. We also will have a couple of weeks without any United Nations meetings on Korea and this may be helpful. As long as the Cease Fire Group is formally in session it will, presumably, be a little more difficult for the Chinese to begin their offensive in Korea, or certainly to justify it. It will be more difficult for the U.S. to summon the Political Committee for further and more decisive action against the Chinese. We may have to do that later, but we now have time to think things over and discuss the implications of any further action.

December 19, 1950 (Tuesday)

Rau paid his farewell visit to the Chinese this morning and he told Entezam and me about it at noon. He got nowhere, though on leaving Wu told him that they might be back again after their visit to Peiping. This is probably an attempt to befuddle and deceive us, though you never can tell with these chaps. Rau said that he did his best to persuade them that they were making a big mistake in ignoring the cease-fire discussions.

We then talked about the issue of a communiqué along the lines of that worked out yesterday. Entezam and I had doubts of the wisdom of this in view of the

uncompromising attitude of Peiping. So we agreed to abandon our press statement and, instead, send a further telegram to Peiping in an effort to remove the misunderstanding and fears that Wu had expressed to Rau. I agreed to alter the draft press communiqué accordingly. We also agreed to send a final message to Peiping Thursday, (if we had not heard from them) indicating that we would go ahead next week with our final report, not waiting any longer for their views. I said that I would draft that. (See Annexes VII and VIII)†.

In the afternoon I put these two documents together — and told the U.S. and U.K. what we were doing. The former won't like it.

We met at Entezam's at 5.30 and I read them the messages. Rau thought our telegram to Peiping should be more positive in its assurances that if a cease-fire could be arranged, the Chinese Communists could expect negotiations to begin at once and to be included as members of any U.N. Committee for that purpose. But I didn't think that we should go too far. After all, we couldn't bind the U.N., though we could commit ourselves, and also the Asian sponsors of the Resolution who, earlier in the afternoon, had been consulted by Rau.

Our telegram went off tonight, and I am going to Ottawa tomorrow. Wu & Co. left this afternoon issuing a final statement which did not help — though it might have been worse.

Their mission was certainly a failure and possibly worse, as it may have hardened them in their position, without giving them any understanding whatever of the United Nations or of the United States.

194. DEA/50069-A-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 732 New York, December 20, 1950

SECRET. IMMEDIATE.

Addressed Washington No. 276.
Following for Wrong from Riddell, Begins: Before Mr. Pearson left for Ottawa this afternoon, he despatched a telegram to Canadian Ambassador in New Delhi, the text of which is contained in my immediately following teletype. As you probably know, members of the cease-fire group consider that a day or two should be allowed to elapse, and that if reply to cease-fire communication has not then been received from Peking, Chinese Communist Government should then be informed that group intends to proceed next week with preparation of its report and that it hopes reply may be available by that time. Expectation then is that cease-fire group could report to First Committee about January 3rd. This tentative timetable has not been made known to other delegations, and it may be, of course, that there will be

an insistent demand from some quarters for a meeting of the Political Committee before January 3rd.

2. The Minister also asked me to tell you that during an informal conversation on December 19th, Sir Benegal Rau told him that, according to Pannikar, Chinese Communists, if they were permitted to participate in negotiations for settlement of Far Eastern problems, would not, repeat not, insist on either immediate withdrawal of United Nations forces from Korea, nor on immediate withdrawal of United States seventh fleet from Formosa. According to Rau's report, Chinese would accept arrangements by which United Nations forces would eventually be withdrawn from Korea and seventh fleet would be either simultaneously or subsequently withdrawn from Formosa. He said that arrangement of this nature concerning Formosa would be within the meaning of President Truman's statement that seventh fleet would be withdrawn following Korean settlement. He was not sure now, however, that United States authorities would still be willing to withdraw seventh fleet as part of a general settlement. In response to a direct enquiry from Rau, the Minister said that he thought that, as part of the price for a settlement in Korea which would permit them to withdraw upon some basis that would provide possibility for establishment of United Nations objectives in Korea, the United States Government would be prepared to consider withdrawal of the seventh fleet from Formosa. Rau asked if he might report this view to his Government, and the Minister agreed, although he pointed out he had merely expressed a personal estimate of the situation.

3. Either because he believes that position has now hardened to the point where any compromise on Formosa is impossible, or because of some lingering resentment over treatment which was given Pannikar's earlier reports forecasting Chinese intervention, Rau has not made information contained in more recent Pannikar report generally available to other delegations. Mr. Pearson does not feel free at this stage to discuss Pannikar's report with United States delegation, but thought there might be some point in pressing Rau for a more explicit and detailed account of what Pannikar had said. Before doing so, however, he wondered if you had heard any echo of the report, or if you had any comment to make on it. Ends.

195. DEA/50069-A-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 731[82] New York, December 20, 1950

SECRET. IMMEDIATE.

Following from Pearson, Begins: Please despatch following telegram to Chipman from me. Text begins:

1. As you know, I have been engaged with Entezam and Rau as members of Cease-Fire Committee appointed under resolution of the General Assembly in an effort to establish satisfactory cease-fire arrangements in Korea. I have greatly enjoyed working with both my colleagues in this Committee, and I hope that you will tell Bajpai of my appreciation of Rau's helpful and farseeing approach to the task upon which we are engaged together. None of the group is overly optimistic of the result, but all of us feel that every reasonable and honourable effort to reach an accommodation must be tried and exhausted.

2. I have been hoping that, through Pannikar, the Indian Government has taken the occasion to interpret to the Chinese authorities the function of the cease-fire group and the approach which it is making to the problem. Rau has not indicated to us either that Pannikar had approached the authorities in Peking concerning the functions of the cease-fire group or that Indian Government has received any comment from him about the attitude of the authorities in Peking. I should be interested to learn of any information which Bajpai may be prepared to give you concerning Pannikar's contacts with Chinese authorities since the establishment of the cease-fire group. Ends.

196. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3332 Washington, December 21, 1950

SECRET. IMMEDIATE.

Addressed Candel No. 101.

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[82] Transmis à Washington (N° 277) et à New Delhi (N° 183), le 20 décembre.
Repeated to Washington as No. 277 and to New Delhi as No. 183 of December 20.

Following for Mr. Riddell and Mr. Pearson, Begins: Your messages Nos. 276 and 277 of December 20th.

1. I have heard nothing of a report about the possibilities of negotiations with the Chinese Communists on lines such as Rau mentioned to Mr. Pearson, and I think that further information should be sought from Bajpai or Rau himself.

2. I am seeing Hickerson later today and I shall sound him out on this without revealing what Rau told Mr. Pearson, and I shall also seek from him his views on the probable timetable for the Cease-Fire Committee.

3. I share Rau's doubt that the United States authorities would agree to withdraw the seventh fleet as part of a general settlement without some understanding that if the Chinese Communists proceeded to defeat the Nationalist forces in Formosa, the island would not become a base for future hostile operations. Such an understanding, even if it were not given in good faith and were promptly violated by stationing substantial Communist air and ground formations in Formosa, would assist in securing public acceptance in this country. Before the United States would go as far as this, I think it would be essential for Peking to agree to a Korean settlement which accorded with the principles of the United Nations action in Korea. Ends.

197. DEA/50069-A-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 297 New Delhi, December 21, 1950

SECRET. IMMEDIATE.

Following for Pearson from Chipman, Begins: Your telegram No. 183 of December 20th.

1. I saw Bajpai this evening and expressed your appreciation.

2. I asked if he could give me any information concerning Panikkar's [discussions] with Chinese since establishment of cease-fire group. He answered Panikkar had only been hearing about China not listening to cease-fire proposals separated from Formosa, etc. He said nothing about Panikkar having been asked to interpret the functions of cease-fire group.

3. Bajpai had noted recent statement by Wu seeming to suggest Chinese might be somewhat more forthcoming. He had never been optimistic about the nations' efforts and he felt doubtful about prospects of cease-fire group. Today, however, he had drafted for Nehru a telegram to Panikkar asking whether the Chinese were persisting or would agree to discuss a cease-fire first, cease-fire to be followed progressively by discussions on Korea and possibly Formosa, etc... . I see him again tomorrow and may learn final terms of instructions.

4. Bajpai said, while India would be "willing to help" she would tell China she "must not open her mouth too widely". If Chinese continue adamant Bajpai added,

it might be necessary to try to persuade the United States to modify its position. In his opinion issues should be taken up at Prime Ministers' meeting in an effort to achieve a united Commonwealth front for a possible approach to the United States.[83] Ends.

198. DEA/50069-A-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 739 New York, December 21, 1950

SECRET. IMPORTANT.

Repeat Washington No. 283.

CEASE FIRE GROUP

Rau and I met Entezam at his office this morning to discuss telegram to Peking upon which you had already agreed, indicating timetable for further work of the group. When we met, Entezam said that he had learned through Grafstrom that Chinese had in effect refused to discuss Korean conflict with the cease fire group. It turned out, however, that communication sent through Swedish channels was a reply to a message from Entezam suggesting that Wu and his delegation be permitted to discuss cease fire arrangements in New York. Although message from Chinese through Swedish channels almost certainly indicates line which will be taken in direct reply to message from cease fire group, if any is given, it could not be regarded as a reply to your first communication from group sent on December 16th. Text of message sent through Swedish channels is contained in my immediately following teletype. You will notice that Chinese Government bases its refusal to cooperate in the work of the cease fire group partly on the claim that its representatives were given no opportunity to participate in discussions at which cease fire resolution was carried. In this connection, Rau pointed out that many members of the committee had been prepared to have Chinese Communist delegation participate in these discussions, and that he had privately asked Wu if he would be willing to attend the committee when the item was being considered. Wu had replied that he did not wish to attend. Rau mentioned these circumstances to Grafstrom and suggested that Swedish Minister to Peking be informed.

2. In view of the possibility that reports on the third telegram might reach the press in a distorted form, it was decided to release the text to the press, after appropriate interval to permit delivery in Peking. From enquiries I have received subsequently from newspaper correspondents, point seems to have got across that telegram contains a timetable rather than a deadline.

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[83] Une réunion des premiers ministres du Commonwealth a été convoquée en janvier 1951.
A Commonwealth Prime Ministers' Meeting was scheduled for January 1951.

3. Delegations are being informed by the Secretariat that cease fire group has nothing further to report at the moment but that members of the Political Committee should hold themselves ready to meet on twenty-four hours' notice. Entezam and the Secretary-General thought it would be preferable to use this formula in case a meeting of the Committee was considered desirable before January 3rd. Expectation is, however, that meeting will not be held prior to that date.

4. Rau and Entezam have agreed to meet again on Wednesday morning, December 27th, at which time I said that I would try to have in their hands a first draft of a final report, based on the assumption that Chinese either did not reply, or replied negatively.

199. DEA/50069-A-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 740 New York, December 21, 1950

SECRET. IMPORTANT.

Repeat Washington No. 284.

CEASE FIRE GROUP

With reference to my immediately preceding teletype, following is text of message transmitted through Swedish Government. Text begins:

The Central People's Government acknowledges receipt of a message dated 18th December 1950 from Mr. Entezam, President of the General Assembly transmitted via the Swedish Government and asks the Swedish Government to transmit the following reply to Mr. Entezam, President of the General Assembly.

1. The representative of the People's Republic of China neither participated in nor agreed to the adoption of the resolution concerning the so-called 3-men committee for cease fire in Korea by United Nations General Assembly. The Central People's Government has repeatedly declared that the Central People's Government would regard as illegal and null and void all resolutions especially those concerning Asia which might be adopted by the United Nations without the participation and approval of the duly approved delegation of the People's Republic of China. Therefore the Central People's Government cannot instruct its representative General Wu to continue to remain in Lake Success for negotiations with the above mentioned 3-men illegal committee. After the Security Council unreasonably voted against the "complaint against the United States armed aggression against Taiwan" raised by the People's Republic of China General Wu was instructed by the Central People's Government to continue to stay at Lake Success for participation in the discussion of "the complaint of the United States aggression against China" submitted by the USSR representative; although he has waited for a long

time and meantime the United Nations General Assembly was declared adjourned, he was still not given the opportunity to speak. Under such circumstances, the Central People's Government deems that there is no more necessity for General Wu and his staff to remain at Lake Success and has therefore instructed him to start their homeward journey on December 19th.

2. As to the question of how the United Nations may get in touch with the Korean Democratic People's Republic the Central People's Government is of the opinion that United Nations should address direct inquiry to the Government of the Korean Democratic People's Republic. Text ends.

200. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3340 Washington, December 21, 1950

SECRET. IMMEDIATE.

Addressed Permdel No. 347.
My message Candel No. 101 of December 21st.

1. I have asked Hickerson whether the Department of State had received from any source information indicating that the Chinese Communists might agree to negotiations in terms more acceptable than those put forward by Wu in New York. He answered that no such information had been received. The Indian Government has therefore not yet informed the United States through any channel of Pannikar's report mentioned in your message No. 276 of December 20th.

2. I asked him whether he thought that it would be reasonable for the Cease-Fire Committee to make no report to the Political Committee until about January 3rd even though they had good reason to give up hope before then that they could accomplish anything. He said at once that this would be completely acceptable to the United States. Indeed he seemed to think it important that the report should be delayed until about that time as an earlier report might lead to some criticism among the Asiatic sponsors of the Assembly resolution establishing the Committee and also in the western countries that the Committee had returned a negative report after too brief an effort to negotiate a cease-fire. If, of course, the approaches to Peking result in any indication of possible progress, a longer delay or a brief interim report at the beginning of January might be required.

3. I shall report separately on other questions about the Far Eastern situation which arose during our discussion.

201. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM 641 Ottawa, December 22, 1950

CONFIDENTIAL

Following for Riddell from Mr. Pearson, Begins: Your telegram 739 of December 21, cease-fire group. A.P. despatch from Tokyo states that Chou-en-Lai has replied to our messages and rejects participation in our work as Red China did not participate in formation at United Nations of the cease-fire committee. If this is confirmed, we should make it clear, in a statement from the committee now or as part of our report, that Chinese Communist Delegation had been asked by Rau if they would be willing to attend the Committee when the item was being considered and had refused.

2. You will remember that when the first Asian resolution was up for consideration we were worried because the Chinese Delegation had not been formally invited to participate in our work and were told that there was no use sending such an invitation because the Chinese would reject it. Nevertheless, the reported attitude in Peiping confirms my view that such a formal invitation should have been sent so that they could not now say they had never been invited. It was unfortunate that the question was not raised in the Political Committee in spite of the United States objection to it. Ends.

202. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-2701 Ottawa, December 22, 1950

TOP SECRET. MOST IMMEDIATE.

Repeat Permdel No. 644.

CEASE-FIRE COMMITTEE

Following for Wrong from Pearson, Begins: I was glad to learn from your message yesterday that Hickerson and others in Washington appreciate the purposes and activities of our committee. We have not always found the same understanding at Lake Success. I am particularly glad to get their reassurances that the United States does, in fact, sincerely desire a cease-fire arrangement and does not wish the com-

mittee to hurry its report if such an arrangement cannot be achieved. It seems to me that the committee has already performed a useful function in exposing the Chinese position, in making it more difficult for the Chinese to justify any further offensive action in Korea, and, indeed, in the establishment of a mechanism by which the cease-fire discussions could be later re-opened if rejected, as they appear to have been, by the Chinese now. The form in which we have received up to the present the Chinese rejection indicates that there is some desire on their part not to close the door finally.

2. The main issue, of course, is concerned with the fear, probably genuine, of the Chinese communists that a cease-fire would not be followed by U.N. negotiations on political issues, or at least negotiations in which they would be asked to participate. If the Cease-Fire group could have given some specific assurances on this point, with which the United States had been associated, we might have been more successful. We have, however, been careful in our discussions as a group not to commit the United Nations to anything, and also not to give the impression that we are attempting to make an arrangement between two parties which had the same status. Rau, for instance, would have gone somewhat further than we did in our messages to meet the Chinese fears, but Entezam and I felt that we should be very careful not to give the impression of mediation or, indeed, of neutrality on our part. Also, we appreciate the undesirability and, indeed, the impossibility of accepting any price from the Chinese for a cease-fire which could not be justified by our previous action in Korea or by our obligations under the Charter. We felt, for instance, that while it would be wrong for us to tell the Chinese that if a cease-fire were achieved, United Nations forces would be withdrawn from Korea, or the Chinese complaint of aggression against Formosa considered in subsequent negotiations, it was perfectly in order to express our own view that a cease-fire should be followed by negotiations which might discuss other than strictly Korean matters, and in which the Chinese Communists would take part.

3. From discussions we have had here with Bliss, and which Riddell has had with Ross in New York, the United States attitude to our cease-fire work is now becoming somewhat more constructive and flexible, and they would be willing to associate themselves with the kind of assurance, concerning negotiations, to the Chinese that I have mentioned above. If they had been able to take this line over last weekend, it would have been very helpful to the cease-fire committee, but even now a public statement along the lines of the position taken by Bliss in his talk with me today would be useful. Alternatively, if in our report to the Assembly we can suggest in some detail a timetable of negotiations and the subjects for discussion if a cease-fire has been achieved, that would be useful. But I do not think that we as a group would be willing to do this unless we had some reasonable assurance that the United States would accept the position that we would be taking. I think that we should now discuss this matter with the Americans and have indicated this to Riddell who will, as a first step, be talking to Rau today about some such procedure as that outlined above. It may not, of course, be possible for the United States to take an initiative of this kind for a general Korean settlement, but it might be possible for the cease-fire group to put it forward at the next meeting of the Political Committee. Anyway, I think we should give consideration to this possibility. One can-

not be sure, of course, that this reasonable United States attitude would be reciprocated in Peiping but there would be no harm, I think, in making proposals which might clarify the position in both places.

4. If the Political Committee does not meet until January, we will have a little time to think these questions out, providing, of course, there is not some further aggressive Chinese action in Korea in the meantime. I would be glad to have your views concerning them. I am sending a copy of this telegram to Riddell.

203. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM 645 Ottawa, December 22, 1950

TOP SECRET. MOST IMMEDIATE.

Repeat as *Important* to: Washington EX-2702; London No. 1989; New Delhi No. 1851.

Yesterday evening Bliss of the United States Embassy showed us a telegram outlining the United States attitude towards the work of the Cease-Fire Committee. Bliss explained that this was a copy of a message sent by the State Department to the United States Delegation at Lake Success designed to serve as the basis for discussions between the Delegation and the Cease-Fire Committee.

2. The telegram defined the United States attitude in a series of four points:

(a) The original reason for United Nations action in Korea had been a decision to resist aggression by North Korean forces. To this had now been added aggression by the Chinese Communists. In working out a settlement, care should be taken to ensure that aggression was not rewarded.

(b) The constant objective of the United States, as of the United Nations, had been the establishment of an independent, unified and democratic Korea. On the other hand, the United Nations had never been committed to achieving that objective no matter what amount of force might be required. It was now clear that the aggressors could prevent the United Nations from completing the task.

(c) The United States had always believed that United Nations forces should be withdrawn from Korea as quickly as possible. The minimum conditions, however, for such a withdrawal by United Nations forces must be a cessation of North Korean attacks across the 38th Parallel and "withdrawal of the Chinese". (By this was presumably meant withdrawal of the Chinese Communists from the whole of Korea although this point was not spelled out in the telegram.) The United States was very anxious that the work of the Three-Member Committee should result in a cease-fire. In that event, it might be possible to reach a peaceful settlement which would be acceptable not only to the people of Korea but also to her neighbours. Once a cease-fire had been secured, therefore, the United States would be willing

to discuss a peaceful settlement with other interested parties, including the Chinese Communists. In the opinion of the United States, neither side should publicly insist on any conditions before these discussions were initiated.

(d) Willingness to discuss a peaceful settlement was in accordance with the obligations which the United States had assumed under the United Nations Charter and should, therefore, not be construed as appeasement.

3. The telegram concluded by declaring that the United States attached great importance to securing a cease-fire before there was an attack in force across the 38th Parallel.

4. This would seem to mark an important and welcome change in United States policy.

204. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM 646 Ottawa, December 22, 1950

TOP SECRET. MOST IMMEDIATE.

Repeat as *Important* to: Washington EX-2704; London No. 1440; New Delhi No. 186.
My telegram No. 645 of December 22: United States attitude towards the work of the Cease-Fire Committee.

Bliss called again this morning with a further message from Washington which showed that the United States Government had gone even further in the direction of flexibility than I indicated in my preceding telegram. This second telegram was a copy of a message which had been sent by the State Department to the United States Ambassador in New Delhi. As in the case of the previous message, I was not given a copy. However, I was allowed to take notes. The second message read substantially as follows:

"In the event that a cease-fire can be established and that procedures can be worked out leading to subsequent discussions, it is the view of the United States Government that the discussions must be confined initially to Korea. On the other hand, we would not rule out the inclusion in the agenda of other items including Formosa, provided that consideration of these additional subjects was not linked with consideration of a peaceful settlement in Korea. In entering into such discussions, we could not agree to make any prior commitments beforehand."

2. I told Bliss that I was very glad to hear of this decision. Obviously it was of great importance that the new United States attitude should be communicated clearly, forcibly and quickly to Peking. There seemed to me to be a number of ways in which this could be done.

(a) The United States Ambassador in New Delhi might ask the Indian authorities to have Pannikar communicate it to Chou-en-Lai. It might perhaps be inferred from the fact that the original of the message from the State Department had been sent to New Delhi that the United States authorities had this in mind. I added that it might be useful for me to send a personal message to New Delhi, perhaps to Bajpai, stating that I had seen the State Department messages outlining the new United States position, that I had full faith in them and that I hoped he would have them brought to the attention of the authorities in Peking.

(b) Another possible method of accomplishing the same result might be to have the Political Committee take up quickly the second Asian resolution calling for negotiations with the Chinese Communists. If this resolution were amended to make it clear that negotiations could be begun only after a cease-fire had been effected and if such an amended resolution were passed (as it would be) with a large majority including the United States, the Chinese Communists would be faced with unmistakable evidence that the United States was willing to enter into discussions.

(c) A further possibility might be for the Cease-Fire Committee itself to address a communication to Peking embodying the new United States views. If it were to prove difficult for Rau to associate himself with such a communication, perhaps one of the other two members of the Committee might issue a public statement along the same lines. The United States could then strengthen the effect of such a declaration by expressing publicly its readiness to participate in discussions with the Chinese Communists in the event of a cease-fire.

3. I should be grateful if you would get in touch with Rau and inform him of the United States views if they have not yet been given to him. I should also like you to tell him that I hope he will request his Government to have these views transmitted through Pannikar to the People's Government in Peking. You might also take the opportunity of discussing with him the other alternative ways I have outlined above of trying to convince the Chinese Communists of the willingness of the United States to enter into discussions with them if a cease-fire can be established.

205. DEA/50069-A-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 298 New Delhi, December 22, 1950

SECRET. IMMEDIATE.

Following for Pearson from Chipman, Begins: Reference your telegram No. 297 [sic] of 21st December.

1. Bajpai informs me that instructions to Panikkar did not go out as drafted. It was thought that after Wu's statement the proposed question might merely result in

Chinese putting their demands at highest. Instead, I gathered that Panikkar is being told to say that if Chinese expect United States to modify their stand, China ought not to ask too much.

2. He is also to explain that the Prime Ministers' Conference which apparently it is supposed will discuss Korea was arranged before present issue arose.

3. Panikkar has not been hearing from Chinese Government in the last few days. Ends.

206. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire en Inde

Secretary of State for External Affairs to High Commissioner in India

TELEGRAM 187 Ottawa, December 23, 1950

TOP SECRET. MOST IMMEDIATE.

Repeat as *Important* to: New York No. 647; Washington EX-2705; London No. 1991.

Following for Chipman from the Minister, Begins: My telegrams Nos. 185 and 186 of yesterday's date: U.S. attitude to the work of the Cease-Fire Committee.

You will have seen from my two immediately preceding telegrams that the United States attitude towards the work of the Cease-Fire Committee has now substantially altered and that they are now readier than even a few days ago to enter into discussions with the Chinese Communists if a cease-fire can be established. I should be grateful if you would at once bring this information to Bajpai's attention and say that I hope he may be in a position to ask Pannikar to convey it to the authorities in Peking.

2. In speaking to Bajpai you should make it clear that I have seen the messages in which the United States policy is embodied and feel that they represent a genuine effort on the part of Washington to bring about a peaceful solution, by negotiation, of Korean and related questions. I should also like you to tell Bajpai that, in my opinion, the United States willingness to participate in such discussions with the Chinese Communists marks a very important development and shows very considerable courage on the part of the Administration in Washington, in view of the present temper of public opinion in the United States. If these decisions had been taken earlier they would have greatly facilitated the work of the Cease-Fire Committee. But even now they are extremely valuable, I think, and offer some hope of a settlement, or at least of a prolonged *detente*. It would be tragic if they were rudely rebuffed in Peiping — something, however, which we cannot, to say the least, rule out. I myself am convinced of the genuineness of the new United States attitude and I am anxious that every possible means should be used of convincing the regime in Peking. It is for this reason that I am asking you to approach Bajpai as a matter of urgency. Ends.

207. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3360 Washington, December 23, 1950

TOP SECRET. MOST IMMEDIATE

Repeat Permdel No. 353.
Following for Pearson from Wrong, Begins: Your EX-2701 of December 22nd. Cease-Fire Committee.

1. I have just seen Rusk and shown him your message. The most important thing he said, in greatest secrecy, was that instructions have gone to Peking for a direct approach to the Chinese Communists on the lines of the messages shown you by Bliss. He read me extracts to prove his point. He was not at liberty to tell me the channel employed which was identified only as "X".

2. He said that the Chinese would not give credence to public assurance about the readiness of the United States to negotiate, at any rate without private backing of this sort. He also said that they could not agree to the alternative course mentioned in your paragraph 3 that the Cease-Fire Committee might in reporting to the Assembly list the subjects for discussion in negotiations after a cease fire. They are ready to talk about Formosa and other points of concern to Peking, but they would wish to bring up Indo-China, perhaps Tibet, and other causes for grave complaint. The agenda would have to be left open or expressed in general terms. It would also be impracticable to specify in advance the parties to the negotiations, who might vary in accordance with the subject matter.

3. He did not explicitly rule out a public statement of United States readiness to negotiate following a cease fire. I should think they would want to receive a report of the private approach to Peking, which may be made today, before further considering this.

4. He remarked that their readiness to negotiate on questions other than the Korean settlement was a concession, as the negotiations would take place under some duress because of the presence of large Chinese forces in Korea. It was considered, however, very important in the global situation to get more time. In six months or so the United States should have another million men in their forces. The present might well be the most dangerous period.

5. He said that if an attack in force were launched below the 38th Parallel by the Chinese the prospect of any cease-fire or abatement of danger in the Far East would be imperilled. The military were not afraid of the Chinese and were prepared for a new battle, but the diplomatic and legal situation would become far more difficult.

6. He also told me that in inter-delegation talks in New York it had been suggested that the CFM, if it meets soon, might discuss Korea and other asiatic questions — possibly with representation of the Chinese Communists.

7. He asked me to send you his hearty seasonal greetings. Ends.

208. DEA/50069-A-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 300 New Delhi, December 24, 1950

TOP SECRET. IMMEDIATE.

Following for the Minister from Chipman, Begins: As your telegram No. 187 seemed to modify somewhat instructions in your telegram No. 186, I confined myself this morning in interviewing Bajpai to No. 187 and discussing the three alternatives of paragraph 2 of your telegram No. 186.

2. He, however, read me note of an interview with Henderson on December 18th, on Bajpai's request for elucidation of American position, which used same language as you quote in telegram No. 186, paragraph 1. This Bajpai considered insufficient and ambiguous, particularly as regards conditions as to additional subjects not being linked with peaceful settlement.

3. He said that Chinese are hardening and that when Indian Counsellor recently visited Foreign Office to discuss Korea, Chinese were not interested in hearing of United States position.

4. He read me a letter from Nehru to Attlee in which Nehru even suggested his readiness to go either to Washington or to Peking, but he is convinced of uselessness of latter unless American attitude changed and he could bring something definite. A copy of this was sent to Panikkar for private information only, accompanied by instructions to say to Peking:

(a) Are they prepared to negotiate on previous suggestion of cease-fire, demilitarized zone, Korea, and Formosa on basis of Cairo and Potsdam Declarations;

(b) Conference of Commonwealth Prime Ministers was not a "ganging-up" on China. India will use occasion to work for peace and enlist support of all Commonwealth countries for this;

(c) Any increase by China of her demands will rule out possibility of settlement and make war inevitable;

(d) India earnestly hopes that China will not take any steps so dangerous.

5. Bajpai is against taking up second Asian resolution. China would consider its reference to "all issues" a trap. It might also, he thought, result in a cross of wires. He is also against direct communication to Peking by Cease-Fire Committee. As China considers Committee illegal, this would only invite rebuff. He further thinks

that a mere statement to Peking of present American thinking would be valueless and should be avoided.

6. He suggests Committee should temporarily hold its hand and await answer to Panikkar's communication. This might come in one or two days. Next step, depending on Peking's answer, might be a direct and precise assurance obtained from United States, which India could pass on to Peking, in most definite and unconditional terms possible.

7. He would hope that your relations with Washington might help to get such assurances and that you and Attlee will keep in close touch.

8. Bajpai will let me know as soon as Panikkar gives Peking's answer. Ends.

209. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-2708 Ottawa, December 26, 1950

TOP SECRET. MOST IMMEDIATE.

Repeat Permdel No. 649; New Delhi No. 190.

KOREAN CEASE-FIRE

You will see from the messages received from Chipman that the Indian Government is attempting, through Panikkar, to secure further information about Chinese policy and intentions. I am inclined to agree that the Cease-Fire Group can accomplish nothing now by direct communication with Peking and should await the result of Panikkar's approaches. Bajpai's view is that the Chinese are not likely to be impressed by United States assurances of post cease-fire discussions as they are couched in language too vague. I doubt if they appreciate in New Delhi the importance of the new American position, or the difficulties in going beyond it in the face of Chinese fighting in Korea and Chinese intransigence at Lake Success and Peking. Nevertheless, if the United States could be somewhat more specific in describing the subjects which, among others, could be included in post cease-fire discussions, it would be more difficult for the Chinese to refuse this offer, assuming, of course, that Formosa and recognition were to be mentioned. Rusk has told you that they cannot do this and I appreciate the difficulties, but some of these might be overcome if Tibet and Indo-China were also mentioned.

2. If the Americans cannot do this, the Chinese may reject both cease-fire and discussions, on the grounds that the U.S. assurances were too vague to be worth anything. This position, while unjustified, may not appear so to many other countries. Of course, the Chinese may reject any proposition made to them and may be entirely insincere in any reference to subsequent negotiations; they may well have made an arrangement with the Russians by which fighting is to go on in Korea until

the United Nations are driven out and any exchanges now are merely to confuse and divide us. But if we appreciate this and remain on guard against it, I don't think myself that the United States would have anything to lose by going a little further in their assurances regarding post cease-fire talks. At best, it might make such talks possible. At worst, it might smoke out and expose the hypocrisy of the Chinese position.

3. There is no doubt that we cannot get the Chinese to isolate Korea from other Far Eastern issues, especially Formosa. Personally, I doubt whether we should expect them to. If that is true, shouldn't we go further even than we have gone in linking up general Far Eastern discussions with a cease-fire. As long as we continue to insist, as we must do, that *nothing* can be done until a cease-fire arrangement has actually been made effective, I don't think that this course of action can justifiably be attacked as yielding to blackmail or "appeasement". But we will certainly have to act quickly if we act at all.

210. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3368 Washington, December 26, 1950

TOP SECRET. IMMEDIATE.

Repeat Permdel No. 355.
Your EX-2708 of December 26th. Korean cease fire.

1. I saw Rusk late today. He saw a number of difficulties in the suggestion that the United States should be more specific in indicating the subjects which might be taken up in discussions with the Chinese, but said that he would wrestle with the problem. One difficulty would be listing specific subjects without mentioning who would be parties to the discussions in each case. Another would be the possible implication that this meant a readiness to make concessions to the Chinese, in advance of the discussions, on matters such as Formosa and admission to the United Nations. It is easier for them to say sincerely that they are ready to discuss all the issues than to list specific issues. Furthermore, he doubts that the Chinese, as suggested in the first sentence of your paragraph 2, would reject the cease-fire and the discussion for the *reason* that their assurances are too vague, although they might cite this as an explanation.

2. He told me that the Indian Government knew nothing of the approach to Peking described in my WA-3360 of December 23rd. They were not the channel employed on this occasion.

3. Just before I saw him the ticker reported the "last warning" given on the Peking radio in the usual unyielding terms, and he thinks this probably is a prelude

to a large attack south of the 38th Parallel. He also said that some mixed North Korean and Chinese formations have been encountered below the parallel.

211. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Inde

Secretary of State for External Affairs
to High Commissioner in India

TELEGRAM 191 Ottawa, December 26, 1950

TOP SECRET. MOST IMMEDIATE.

Repeat Washington EX-2709; Permdel No. 650.

KOREA CEASE-FIRE

Following for Chipman from Pearson, Begins: Thank you for your very interesting message No. 300 of December 24. I am grateful to Bajpai for his information as a result of which I am sending a message to Washington which has been repeated to you. I hope direct Indian intervention has more effect than that of our cease-fire group, which cannot continue its own approaches to Peking in the face of the crude and negative Chinese attitude.

2. I hope that they appreciate at New Delhi, and will emphasize at Peking, that the United States has already made important concessions but that concessions on these matters cannot all be made by the United Nations or the United States, and that so far Peking has done nothing to bridge the gap which exists between the two positions. I hope also they realize that a renewal of Chinese military action in Korea, which may have taken place even before you receive this, will automatically end, at least for the time being, all United Nations efforts to bring about a cease-fire and a negotiated settlement. It will also inevitably result in formal charges of Chinese Communist aggression which the majority of United Nations members will be forced on the evidence to support, and in full awareness of all the tragic consequences which will inevitably follow. To prevent such a development, I hope that the Americans may go somewhat further in assurances to Peking than they have gone. That is why I sent this morning's message to Washington. It is equally if not more important that the Chinese should do something except insult the United Nations and attack United Nations forces.

3. I hope therefore that as a result of India's wise and timely intervention the Peking authorities will understand this and give us some hope that a peaceful solution of these problems *can* be achieved.

212. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-2716 Ottawa, December 27, 1950

TOP SECRET. IMPORTANT.

Repeat London No. 1997; Permdel No. 652.

KOREA

You will recall that on December 10 the United States Ambassador showed me a circular communication from the State Department which had gone to the United States missions in countries which are members of the United Nations and which are not members of the Soviet bloc. In the circular communication the United States set forth for the information of the governments of these countries its views on the action which the United Nations might take in respect of the Chinese intervention in Korea. The State Department said that, if the Chinese Communists pressed their attack below the 38th Parallel in an effort to drive the U.N. forces into the sea, the United States would seek U.N. approval of a resolution to brand the Chinese Communist Government as aggressors. The State Department added that they were still considering what other U.N. action would be called for in such a resolution, and that they "would welcome the views of other U.N. members". (The text of the circular communication was left at the Department on December 12 and was transmitted to you as No. EX-2559 of December 13.)[84]

2. Since the circular communication of December 10 was prepared, the views of the United States have altered materially. Because of this and because of the continued rapid march of events, we have decided that it would be neither wise nor useful to give the United States a formal reply to their communication. In any event the State Department is by now well aware of our views on the more immediate aspects of the Korean question as a result of my talks with their representatives in New York and your talks in Washington.

3. In order to clarify our own thinking on some of the basic questions underlying any decisions which may have to be made in respect of Korea, we have prepared a memorandum entitled "Korea: action in the United Nations." This memorandum has been approved by the Prime Minister. The text is given in my immediately following teletype.

4. It occurs to us that the United States authorities might welcome this summary of our current thinking. You might, therefore, inform the State Department of the contents of the memorandum and, if you think this would be useful, you may leave a copy of the memorandum with them.

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[84] Voir le document 187./See Document 187.

5. You might say that the memorandum is an effort to set forth some general conclusions which would carry the judgement of countries such as India and Pakistan as well as of our Western allies. As such, it might be of some help in assisting in the process of consultation which is now going on.

6. Of more immediate importance is what action the United States are contemplating in the Political Committee next week. Are they contemplating proposals such as are rumoured in the press — economic warfare of some kind against China? extension of trade embargo? blockade? Any information which you can obtain for me on this point would be very helpful.

213. DEA/50069-A-40

Note

Memorandum

TOP SECRET [Ottawa], December 27, 1950

KOREA: ACTION IN THE UNITED NATIONS

1. Events have moved fast since the beginning of this month. The military situation in Korea appears to be becoming somewhat stabilized and it would seem as if there is now a good chance that a position in Southern Korea can be held more or less indefinitely. The General Assembly has suspended action on the six-power resolution and has appointed a committee to discuss the possibility of a cease-fire in Korea. It had been generally agreed that this committee must be given ample time to try to accomplish its purpose.

2. Decisions as to future action in the United Nations must be taken in the light of global strategy and of the present balance of armed forces between the Soviet world and the democratic world. Given determination by the democratic world, time is on our side and we should, therefore, play for time so long as we can do so without appearing to deny our obligations under the United Nations Charter. If, despite all our efforts, the Soviet Union and China should precipitate a war, it is essential that the democratic nations should be united in their resistance to aggression and this end would be more difficult to achieve unless there had been sustained common efforts to avert a catastrophe. The door should therefore be left open until the last possible moment for a settlement with the Chinese Communists by negotiation, and every opportunity for discussion of the issues with Communist China should be explored.

3. The principles of the United Nations Charter must be maintained, but any action taken by the United Nations to cope with the aggression in the Far East should be decided primarily in the light of the main threat to these principles in other parts of the world, particularly in Europe.

4. The events of the past few months have demonstrated that the leaders of the Soviet Union are prepared to embark on policies which involve a grave risk of precipitating a general war. They may well have been encouraged to take these

risks by their estimate of the present relative weakness of the forces which might be arrayed against them.

5. In these circumstances, the acceleration of defensive rearmament programmes will shorten the period of acute danger but will make the danger during that period even more acute. With China on the march and all of Asia striking out on new paths, the strengthening of the free world which is now taking place may provoke the leaders of the Soviet Union to strike within the next few months, before our defences reach the point where the Soviet leaders can no longer believe in the possibility of an easy victory in Europe and Asia.

6. It would therefore appear that the paramount consideration which the free nations of the world must take into account in determining their policy during the next twelve months' period of increasing strength is the necessity of doing nothing which might increase the danger of the Soviet Union precipitating a general war during this period. This means that our diplomacy must be wise and unprovocative, and that, in playing for time in which to get stronger, we must continue to be as conciliatory as possible. We shall have to make up our minds which positions are, in terms of our global strategy, essential and on which we stand firm, and where, on the other hand, we may have to accept rebuffs and local reverses.

7. Applying these general considerations to the situation in Korea, it would seem to be unwise to decide in advance at what point it might become necessary for the United Nations to name Communist China as an aggressor. In order to leave the door open for negotiations, the United Nations has so far deliberately and wisely refrained from naming Communist China an aggressor. The United Nations should continue this careful course as long as possible.

8. At some point, it may become impossible for the United Nations not to name Communist China an aggressor. However, before the United Nations is asked to make such a decision, the nations principally concerned should first agree on the proposals for action which they would wish to put before the United Nations after a resolution branding Communist China as an aggressor had been adopted.

9. Even now a war with the Soviet Union is not inevitable. The risks of war during the next year or so, however, will be great. After that period, the strength of the free world, although still less than that of the Soviet Union, should be sufficient to deter the leaders of the Soviet Union from precipitating war. The uneasy equilibrium thus established may then make possible the working out of a *modus vivendi* with the Soviet Union.

214. DEA/50069-A-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 752 New York, December 27, 1950

SECRET. IMMEDIATE.

Repeat Washington No. 289.

CEASE-FIRE GROUP

1. Group met this morning in President's office to consider draft report.† Rau and Entezam both had had an opportunity to consider draft text which I sent you yesterday. I told them that you had seen the draft and had made one or two textual comments, but that you had not had time to examine it in detail.

2. Rau said that he had now been advised by New Delhi of the exchange of telegrams which had taken place and that he understood that, on the one hand, Panikkar was being instructed to approach the Peking authorities and to request them to agree to a cease-fire prior to negotiations, while, on the other hand, we were approaching the State Department in an effort to persuade them to be more explicit about the agenda of the proposed discussions. He said that he had been advised by New Delhi that, pending a report from Panikkar, there was little further for the cease-fire group to do.

3. In regard to the draft report, Rau said that he would have to insist on a purely factual report which contained no comment whatever. The President then suggested that the draft which had been prepared might provide the basis for a report of this nature and suggested to Rau that he indicate the changes which he would wish to have made. Rau, however, refused even to consider the draft which was before him, saying that, after all, he did not wish this report to be the occasion for the outbreak of war.

4. I said that it had been my intention in drafting the report not to make comment, but simply to offer explanations and that I thought that in some cases explanations would be necessary. Rau said, however, that he thought the report should merely record the steps taken and the messages sent, and that it should conclude by pointing out the positions taken on the two sides. He said that he himself would proceed to prepare a new draft.

5. The President said that he, in any case, would like to submit his comments on the existing draft. He suggested that the name, Sir Benegal Rau, should be omitted from the second line of the third paragraph. In the fourth paragraph he asked that a phrase should be included stating that he had informed the General Assembly of the composition of the Cease-Fire Group. He thought also that the Secretary-General or Cordier should be consulted before reference to the Secretary-General was included. If it were stated that the Secretary-General was closely associated with

the Cease-Fire Group, some comment might arise over the fact that Lie had left New York. Entazam added that Grafstrom would have to be consulted concerning the reference in paragraph 6 to the approach made through the Swedish representative in Peking. In paragraph 8 he suggested that the words "deliberately or otherwise" should be omitted, and in paragraph 9 he thought it should be made even more explicit that the message from Chou En-Lai had been addressed to the President of the Assembly in his official capacity.

6. Rau, in spite of his initial refusal to comment on the draft, participated in this discussion, and the only point at which he mentioned language which he regarded as objectionable was the phrase "deliberately or otherwise", in paragraph 8. He was by this time taking a rather more flexible attitude, and ended by saying that he expected to incorporate a good deal of the existing draft in his new draft.

7. Rau said that he would be meeting his Asian colleagues on Thursday and wondered whether he should give them some report of Panikkar's approach to the Chinese. Both Entezam and I suggested that it would be preferable to restrict information regarding Panikkar's activities to as narrow a group as possible for the time being. Rau said that there had been considerable pressure on the part of his Asian colleagues for some diplomatic initiative to be taken. His Iraqui colleague, for example, had suggested that all Asian States with Missions in Washington should jointly approach the United States Government with a request that the latter clarify its position in regard to negotiation on Far Eastern questions. I gathered from Rau's remarks and his report of his conversations with his Asian colleagues that there is a disposition amongst the Asian group to hold the United States principally responsible for the rigidities of the present position.

8. In regard to timetable, Rau and Entezam agreed on January 3rd as the date on which a report should be made. Rau said that it was his intention to go to London on January 5th in order to discuss Far Eastern matters with his Prime Minister. He hoped that it would be possible for the Cease-Fire Group to report before this date. He agreed to have his alternative draft ready for consideration at a meeting at 11:00 o'clock, Friday morning.

215. DEA/50069-A-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 303 New Delhi, December 27, 1950

TOP SECRET. IMMEDIATE.

Following for Pearson from Chipman, Begins: Reference your telegram No. 191 of December 26th.

1. I saw Bajpai this afternoon and conveyed to him in confidence that you had telegraphed to Washington, also your hopes of what would be impressed on the Chinese. Bajpai shares your feelings on this point.

2. Panikkar has not yet been able to see Chou En-Lai. He was yesterday given further instructions to say that India would continue to support Chinese entrance to the United Nations and that a number of countries were favourable, but that it would be unwise to insist on entrance prior to negotiations on Korea and Formosa; also that withdrawal of United Nations troops would be included in any discussion on Korea and Formosa. He later referred to a discussion in New York between, he thought, the Americans, yourself and Malik during which latter stated that withdrawal of all foreign troops would include Chinese. Bajpai also said India is telling China that it would be impossible to have negotiations proceeding during the fighting. This was not, repeat not, in the instructions he showed me today and must, I suppose, have been earlier.

3. Bajpai feels that the whole affair has been concerted by Russia and China.

4. I should correct my cable No. 300, paragraph 5, second sentence. Now tells me he was referring not, repeat not, to Chinese fear about "all issues" but about his fears that they might wish to include Indo-China.

5. I might add for the Prime Minister before he proceeds to London that Nehru, in his letter to Attlee, said: "I earnestly hope every effort will be made to avoid the impression that this conference is a preparation for war." In his unreported speech yesterday at a state banquet for Menzies, with other diplomats, including Russian, present, Nehru emphasized the value of the Commonwealth as a force for peace. Ends.

216. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3370 Washington, December 27, 1950

TOP SECRET. IMPORTANT.

Repeat Permdel No. 356.
My WA-3368 of December 26th.

KOREAN CEASE-FIRE

1. This message supplements last night's report of my discussion with Rusk. I gathered from him that they are thinking here of warning the Chinese that they will bomb the power installations on the Yalu River if substantial Chinese forces invade South Korea. He asked me if I thought that there was any bargaining value in this matter, adding that it was a fairly simple job for the air force to destroy the installations and the reservoirs, which are all on the Korean side of the boundary, without

making use of Manchurian airspace. I said that there was a remote possibility that a promise of continued immunity for the installations would have a deterrent effect, adding that if such an offer were made and the Chinese nevertheless attacked heavily in South Korea, it would presumably be necessary then to destroy the installations. He did not reveal clearly what they had in mind. I think the matter is under debate and he wanted to get an outside opinion. Please give this report a minimum circulation.

2. In your EX-2708 you suggested that "Formosa and recognition" might be mentioned as subjects of discussion. I think it is too much to suggest that the United States should indicate a willingness to discuss recognition, which is primarily a matter for settlement by individual Governments. If the United States does recognize the Communists, it would presumably come at the end of a process beginning with withdrawal of recognition from the Nationalists, the transfer of the Chinese seat in the United Nations from the Nationalists to the Communists (a matter for United Nations decision), and finally United States recognition of the Communists. Should we not be more precise if we have occasion to approach the State Department again on this?

3. I told Rusk about the present intention of the Cease-Fire Committee to report on or about January 2nd. He raised no objection, but asked if it would be possible in the event of a massive Chinese attack to speed up the report. I answered that I understood a draft was in preparation and that the Committee should be in a position to report late this week if this seemed desirable.

4. I also gave Rusk an outline of the Bajpai-Chipman discussion on December 24th and of the contents of the message which you sent Chipman yesterday (your EX-2709).[85] He has received no report of their own approach to Peking mentioned in my WA-3360 of December 23rd.

5. Incidentally, the President's early return to Washington yesterday and meeting last night with his chief advisers was not because of the receipt of any fresh news requiring decisions but because he wanted to dodge a political dinner in Kansas City last night.

217. DEA/50069-A-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 760 New York, December 29, 1950

SECRET. IMMEDIATE.

Repeat Washington No. 294.

[85] Document 211.

1. Cease-Fire Group met this morning to consider alternative draft prepared by Rau, text of which is given in my immediately following teletype. I told Rau and Entezam that I would send you this text immediately, and we agreed that, unless you wished major revisions to be made in the draft, there would be no further meeting of the Group until 11.00 a.m. on Tuesday morning, January 2nd, at which time it was assumed you would be present. I said that if you did wish major revisions to be made I would get in touch with them and let them know your views. It was agreed that the Chairman of the First Committee should be informed that the Group would be ready to report at a meeting on Wednesday, January 3rd, if he cared to call the Committee for that date. We also agreed that the report should be ready for circulation at that meeting, but should not be distributed before hand. It was assumed that after hearing the report the Committee might wish to adjourn to study it.

2. In the draft report, as Rau presented it this morning, the first sentence of paragraph 5 referred to "the appropriate authorities on the other side". I expressed some misgivings about this phrase, and it was decided to substitute the expression "the appropriate Chinese authorities".

3. Rau had also included in his original draft the following sentence at the beginning of paragraph 10: "The Group has not yet succeeded in getting in touch with the North Korea military authorities." I said that I thought that either reference of any kind should be omitted to the fact that no contact had been made with the North Korean military authorities, or that, if such a reference were included, an explanation should also be included. I said that, according to my understanding, the Group had felt that, whatever the status of Chinese forces in North Korea, volunteer or otherwise, it was clear that no progress could be made in establishing a cease-fire or arranging for subsequent negotiations unless the cooperation of the Chinese authorities in Peking were secured. For this reason the Group had not thought it useful to make contact with the North Korean authorities. Rau and Entezam then suggested that all reference to the North Korean military authorities should be omitted from the report and agreed that, if a question was raised concerning the fact that the Group had not sought to approach them, the explanation I had suggested should be offered.

218. DEA/50069-A-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 761 New York, December 29, 1950

SECRET. IMMEDIATE.

Repeat Washington No. 295.
Reference my immediately preceding teletype.

Following is text of draft resolution considered at meeting of Cease Fire-Group this morning.

On December 14th, 1950, the General Assembly adopted the following resolution which had been sponsored by thirteen Asian Powers:

"The General Assembly,

"Viewing with grave concern the situation in the Far East,

"Anxious that immediate steps should be taken to prevent the conflict in Korea spreading to other areas and to put an end to the fighting in Korea itself, and that further steps should then be taken for a peaceful settlement of existing issues in accordance with the purposes and principles of the United Nations.

"Requests the President of the General Assembly to constitute a Group of three persons, including himself, to determine the basis on which a satisfactory cease-fire in Korea can be arranged and to make recommendations to the General Assembly as soon as possible."

2. In pursuance of the resolution, the President forthwith constituted a group consisting of himself, Mr. L.B. Pearson of Canada and Sir Benegal Rau of India, and announced this fact to the General Assembly. The Group met almost immediately afterwards and decided to associate the Secretary-General of the United Nations as closely as possible with its work.

3. A copy of the resolution was sent on December 15th to Ambassador Wu, the representative of the Peking Government who was then in New York.

4. On December 16th, as a first step in carrying out its task, the Group consulted the representatives of the Unified Command as to what they considered to be a satisfactory basis for a cease-fire. The proposals which they made are set forth in Annex I† to this report.

5. The Group then attempted to consult the appropriate Chinese authorities and, for this purpose, sent a message by hand to Ambassador Wu and repeated it by cable to the Minister for Foreign Affairs of the Central People's Government of the People's Republic of China. The text of this message is reproduced below. (Text to be inserted.)†

6. On December 16th, the President, acting on behalf of the Group, had availed himself of the good offices of the Swedish delegation to transmit through the Swedish Embassy in Peking a request to the Central People's Government that Ambassador Wu be instructed to stay on in New York and discuss with the Group the possibility of arranging a cease-fire. The reply to the request, communicated to the President on December 21st through the same channel, was as follows: (text to be inserted).† The reply itself indicates the nature of the original message.

7. On December 18th, Mr. Pearson, on behalf of the Group, submitted a brief preliminary account of its activities to the First Committee, hoping that a fuller report would be made in the near future.

8. On December 19th, acting on a recommendation from the sponsors of the twelve-Power resolution introduced in the First Committee on December 12th, the Group sent another message to the Foreign Minister of the Central People's Government. This was intended to remove certain misunderstandings said to have

arisen out of the separation of the twelve-Power resolution from the thirteen-Power resolution adopted by the General Assembly on December 14th. The text of the message is given below. (Text to be inserted).†

9. On December 23rd, the President of the General Assembly, in his capacity as such, received from the Foreign Minister of the Central People's Government the text of a statement issued by the latter in Peking on December 22nd explaining the attitude of the Central People's Government on the resolution constituting the Cease-Fire Group and on the peaceful settlement of the Korean question. This document is reproduced in Annex II.† It appears to be in the nature of an answer to the Group's message of December 16th. The replies so far received from the Central People's Government of the People's Republic of China do not enable the Group to make any recommendations as to the basis of a cease-fire prior to a settlement of "existing issues". The Group therefore regrets its inability to make any recommendations on the subject.

219. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3402 Washington, December 29, 1950

TOP SECRET. IMMEDIATE.

Repeat Permdel No. 362.
Your EX-2716 of December 27th, United Nations action on Korean issues.

1. I have had a long talk with Hickerson, who read me various telegrams and memoranda. This message describes instructions sent yesterday to the United States delegation in New York which apply only in case no massive Chinese attack takes place before the debate is resumed in the United Nations. My following messages describe the current line of thinking in the event such an attack occurs and the reasons which have led to the conclusions reached.

2. If no Chinese attack has taken place when the Political Committee meets on January 3rd, the position to be adopted, in consultation with other delegations, is as follows:

(a) If there is a strong Asian demand for this course, the United States will acquiesce in discussion first of the 12-Power resolution proposing negotiations, provided that it is laid down that the Committee to be set up under this resolution would not meet before a cease-fire is in effect, and provided that the composition of the Committee is satisfactory.[86] It is suggested that the members might be appointed by the President and approved by the Assembly, and it is stated that the Peking Government should be included.

[86] Voir *Documents sur la crise coréenne*, p. 21./See *Documents on the Korean Crisis*, p. 19.

(b) The 6-Power resolution vetoed in the Security Council should be adopted either before or after the discussion of the 12-Power resolution. If the 12-Power resolution comes first, an interval might be left before consideration of the 6-Power resolution. The 6-Power resolution should be modified only to accord with the current factual situation.

(c) In any event, even if no new Chinese attack occurs, there should be some United Nations condemnation of the Chinese aggression which has already taken place against the United Nations forces in Korea. What should be done in this respect should await the Chinese response to the action proposed in the other two resolutions.

3. A heavy Chinese and North Korean attack is, however, expected in the near future and this would so change the situation that a different course ought to be adopted, as described in my following telegrams.

220. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3403 Washington, December 29, 1950

TOP SECRET. IMMEDIATE.

Repeat Permdel No. 363.
Reference my immediately preceding telegram.

1. Hickerson said that in the event of a massive Chinese attack in Korea they proposed to discuss further United Nations action with a number of free countries, including those with forces in Korea. What they would suggest meets the approval of Acheson, Dulles, Austin, Rusk and others, and would be on the following lines:

2. A determined effort by the Chinese to drive the United Nations forces out of Korea would constitute an aggression more serious than that originally committed by North Korea. In such circumstances the free world must show a united will to withstand aggression. The United Nations cannot ignore it or it will be digging its own grave, just as the helpless inaction of the League of Nations towards Japanese aggression in Manchuria in 1931 robbed the league of its authority. If big aggressors are able to achieve their objects with impunity, the world order we are seeking to create is in direct peril.

3. The hard fact is, however, that for the free peoples to embark on war with Communist China could only lead to disaster. The motives which should inspire their action are as follows:

(a) They must show the unity of opinion of the free world. This might not change the course of events in Korea, but it should have a restraining influence on other adventures in aggression which might be undertaken by the Chinese, especially if stout resistance in Korea continues.

(b) They should aim at limiting the military potential of China for action in Korea by denying, as the United States has already done, any supplies and material assistance to Communist China.

(c) They should seek to strengthen the uniting spirit and will of the free peoples as an act of general defence against Communist power in the world.

(d) They should make it clear that none of them has any imperialist design in Asia, that all desire a peaceful settlement in Korea, and that the door to negotiation is not closed.

4. This should lead to the adoption by the General Assembly of a resolution embodying the following actions:

(a) The Communist Government in Peking must be declared guilty of aggression, and efforts must be continued to repel the aggression in Korea, especially by continued military resistance by the United Nations forces, with the purpose of seeking to show that the Chinese cannot win an unequivocable victory.

(b) The Assembly should propose individual and collective measures to weaken the will of the Chinese and to make it clear that the Korean adventure is detrimental to Chinese national interests. Sanctions should not be proposed in the first place.

5. The resolution should follow the following pattern: it should note the fact of Chinese aggression and declare China guilty of the act of aggression; it should call on all members not to aid the aggressor; it might continue the Cease-Fire Committee as an agency for good offices and mediation; it should request the Collective Measures Committee to recommend measures which could be taken by all. The measures which the United States would advocate in the Collective Measures Committee would include the breaking of diplomatic relations with China, an embargo on all exports and shipping to the mainland, and the freezing of Chinese assets.

6. Nothing should be done on the United Nations side to lead to any extension of the area of fighting. If the area is extended it should come about only as a result of Chinese action to this end, such as a massive air offensive from Manchuria against the United Nations forces. No military action should be undertaken against the Chinese mainland.

7. Hickerson said it was believed that United Nations action on these lines would deter aggressive action by the Chinese elsewhere. If, however, there were a move against Hong Kong or Indo-China, the whole question would have to be reassessed.

8. If events overtake the six-Power resolution now before the Political Committee, priority should be given to debate on a resolution on the lines given above.

9. See also my immediately following telegram.

221. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3404 Washington, December 29, 1950

TOP SECRET. IMMEDIATE.

Repeat Permdel No. 364.
Reference my immediately preceding telegram.

1. Hickerson gave me a long explanation of the reasoning which had led to the adoption of the position therein outlined. He said that we must avoid falling into the booby-trap which the Russians had set to lure us into all-out war with China. While avoiding this the free world must not pretend that Chinese aggression did not happen. Between these extremes we had to find an answer. The issue was bigger than the United Nations. If what was at stake was no more than the preservation of the United Nations in its present form, he might not feel moved to argue as strongly.

2. He is deeply concerned over the effect on public opinion in the United States if any weaker action than that suggested is taken — and especially if it is taken at the instance of the countries most closely associated with them. It took 25 years to convince public opinion in the United States that a system of collective security was in their interests. The results would be gone over night; the policy advocated by Mr. Hoover[87] which was winning much support would secure many new converts; although the North Atlantic Treaty would not be repudiated, its military program would be destroyed by the demand for concentration on home defence; and the outcome might conceivably be the loss by attrition of both the United Nations and the North Atlantic Treaty. He thought that an early consequence might well be the departure of the United States from the United Nations.

3. I think that there is substance in this view, although possibly not quite so much as Hickerson gives it. Certainly the Hoover speech has brought into view the extent of disillusion with the United Nations and the doubts whether heavy commitments in Western Europe should be made. If action against Chinese aggression is taken, over United States opposition, which is substantially weaker than what they now advocate, I think it would swell the ranks of those arguing for a drastic restriction of international commitments, especially in Europe.

4. Hickerson went on to argue that the central issue was the very fact of aggression by China and that other disputed questions in the Far East were relatively minor. Differences on such issues as Formosa and the recognition of the Peking Government should not blind any of the free countries to the naked fact that the

[87] Herbert Hoover, ancien président des États-Unis (républicain), 1929-1933.
Herbert Hoover, former President of United States (Republican), 1929-1933.

Chinese Communists have committed aggression and have blatantly flouted the community of nations.

5. At the end of our talk I raised with him the procedural question mentioned in my WA-3398 of yesterday whether the crossing en masse by the Chinese of the 38 parallel did not constitute a fresh act of aggression which should be discussed first in the Security Council. Hickerson refused to accept this view, saying that the Security Council had already considered Chinese intervention in the six-Power resolution vetoed by the Russians, and that if they invaded South Korea in force their aggression was all of one piece, the invasion of South Korea only making it more heinous. They intend therefore to seek Assembly action.

6. He asked me to report these views fully to you, adding that up to the present they had only had talks with the British on these lines.

222. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM 661 Ottawa, December 30, 1950

SECRET. IMMEDIATE.

Following for Riddell from Pearson, Begins: Your telegram 761 — cease-fire report.

Confirming my telephone conversation of a few moments ago, apart from the merely textual changes suggested to the draft report, I am most anxious that it should not be possible to interpret the report so as to give the impression that the Unified Command and the Chinese Communist authorities were considered by us to be on the same basis, or that the attitude of the former had anything to do with our inability to make any recommendation. I realize that the report in its present form could not reasonably be construed in that sense, but I would like to make this clear beyond any possible doubt. It seems to me that this might be achieved by associating ourselves with the Unified Command proposals, as providing a reasonable basis for discussion. Possibly this could be done by changes to the last sentence of paragraph 4, which might then read somewhat as follows:

"The proposals which the group felt constituted a reasonable and satisfactory basis for discussion are set forth, etc. ..."

Also, the last sentence of the draft, in paragraph 9, might be altered to read:

"The group regrets that the position taken by the Central People's Government of China has, so far, prevented a cease-fire arrangement based on the proposals of the Unified Command being considered. It therefore feels that no recommendations in regard to a cease-fire can usefully be made by it at this time."

223. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1 Ottawa, January 1, 1951

SECRET. IMPORTANT.

Repeat Permdel No. 1; London No. 1.
Following for Wrong from Pearson, Begins: Your telegrams 3202, 3403, and 3404. United Nations action on Korean issues.

2. These give us a very valuable, useful and, on the whole, reassuring indication of United States views of what should be done next week at the meetings of the Political Committee. You might wish to have my preliminary reactions. Later when I have had a chance to discuss the matter in New York I will be able to give you firmer views.

3. The procedure suggested in telegram No. 3402 in the unlikely event of there being no serious fighting is, I think, on the whole, satisfactory. I would hope that the 12-power resolution could be disposed of first, and that in its discussion the United States representative could make a strong and reassuring statement regarding their willingness to discuss with the United Nations commission proposed, which would include Chinese Communist membership, all relevant questions, including Formosa, once a cease-fire has been arranged.

4. My only reservation to the procedure suggested in telegram No. 3402 has to do with paragraph 3 (c). I am not sure what is meant by the suggestion that even if no new heavy Chinese attack occurs, there should be some U.N. condemnation of the Chinese aggression which has already taken place. It seems to me that action of this kind might be confined to passing the 6-Power Resolution, and that a further formal U.N. condemnation would not, in this event, be essential and might therefore be neither wise nor useful.

5. If the Chinese Communists and North Koreans have mounted a full-scale attack, then I agree that it would be difficult to avoid declaring Peking to be an aggressor, emphasizing in any resolution to that end, that once the aggression ended, or was defeated, discussion of far eastern questions must follow.

6. However, the value of any resolution naming Communist China as an aggressor will depend on the measure of support it receives in the Assembly. If, for example, no Asian country votes for it, the resolution would widen the gap between the Asian democratic states and the Western democracies — a gap which has happily been narrowing lately. It would, therefore, tend to weaken dangerously our support in the very part of the world which is our weakest point.

7. Every possible effort should, therefore, be made before any such resolution is introduced to try to reach agreement with the Asian states. With this object in view, I might, on my arrival in New York, find out from the Indians whether they have

any suggestions for a wording of such a resolution which they might be able to accept, and which would be satisfactory to Washington. I have no illusions, however, about the difficulty of this.

8. There are also obvious difficulties about tying any resolution on aggression to the crossing of the 38th parallel, which certain spokesmen for the United Nations said, some months ago, had ceased to exist. It would probably be preferable to relate the resolution to a large-scale attack and the abortive efforts for a cease-fire. The principal difficulty that I see about this course is that it leaves the determining factor to the judgment of General MacArthur. The mechanical introduction of a resolution condemning the Chinese as aggressors on the receipt of a report from General MacArthur that a "massive" Chinese offensive had taken place might not be calculated to rally support for the resolution in certain quarters. I have been wondering whether the United Nations Commission in Korea could be associated with the responsibility for reporting on the existence of such an offensive but I am doubtful whether they would have either the opportunities for observation or the capabilities necessary for this purpose.

9. The steps proposed, if and when China has been declared an aggressor, seem to me to be reasonable ones, but the difficulty will be, of course, in stopping at any particular point once we have started. The reference to the Collective Measures Committee may be a very useful device to have these matters discussed calmly and in private.

10. As I have already indicated, I feel certain that a good many states, especially Asian states, will be reluctant to take formal action against the Chinese Communists, and that, therefore, we should do everything we can to impress on them in any statements that we make that the reason for a resolution declaring Peking guilty of aggression is purely on the ground that they have attempted to resolve differences by the use of arms against United Nations forces which are already in Korea to defeat an aggression; that any such declaration of aggression is not concerned with endorsing or condemning the Far Eastern policies of any state, nor does it give the United States, or any other state, a blank cheque in the Pacific. It is merely a condemnation of the unauthorized use of force. If the discussion can be concentrated on this particular issue, then it may be possible to secure a much larger majority than would otherwise be the case.

11. I feel sure that there will be considerable uneasiness that any political action taken by the United Nations against Communist China may somehow or other strengthen MacArthur's position, or suggest that he should be the agency for making it effective. There would be great opposition to this.

12. I think that Hickerson takes a somewhat too optimistic view of the effect for the future of the action which we may have to take. We may not be able to avoid it in the circumstances as stated, but I do not think the results will be good if there is a large abstaining vote which would confirm an impression, already too strong, that collective action in the United Nations results entirely from United States initiative which some other countries follow almost automatically. There is almost as great a danger to the United Nations in this development as there would be in no action at

all being taken. That is why the tactics to be followed during the next few weeks may be almost as important as the policies themselves.

CHAPITRE III/CHAPTER III
NATIONS UNIES
UNITED NATIONS

PREMIÈRE PARTIE/PART 1
IMPASSE INTERNATIONALE
INTERNATIONAL DEADLOCK

224. DEA/278-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

SECRET Washington, February 23, 1950

Dear Mr. Pearson:

We discussed in Ottawa last week the question of what, if anything, might be done to lessen the international deadlock with the Soviet Union. I have been thinking a good deal about this and have had talks about it with, among others, Messrs. Rusk and Hickerson since I returned to Washington. It is also the subject of very active discussion in the press.

The public debate on the question was stimulated particularly by the President's announcement in January of the decision to seek actively to develop the hydrogen bomb. The appalling possibilities of such a weapon led to a good deal of soul searching and a number of suggestions advanced by public men. The more notable of these include Senator McMahon's proposal for a peace settlement with Russia baited with a worldwide economic recovery scheme to cost the taxpayers of this country $50 billions which would be found by reducing defence appropriations by two-thirds. Senator Tydings followed by repeating the old suggestion for a general disarmament conference. Mr. Stassen has now produced the idea of a bipartisan and apparently bilateral general conference with the Russians, and Mr. Churchill has suggested that the wartime practice of meetings between the Heads of the Soviet, British and American Governments should be revived.

The Administration through Mr. Acheson and the President himself has pointed out the difficulties and deficiencies of all these schemes although they have not closed the door completely for a meeting of Heads of Governments. The chief statements of the Administration's attitude were made by Mr. Acheson in his press conference of February 8th, a transcript of which appeared in the *New York Times* of February 9th, by the President in an exclusive interview with Mr. Arthur Krock which was reported in the same paper on February 15th, and by the President once more in a speech in Alexandria yesterday, of which the text appears in today's

papers. The general line is that they are prepared to consider any methods which are likely to produce good results but that certain conditions must be met. They will not negotiate with the Russians alone on matters of deep concern to other countries. They do not believe that any sweeping proposals, like those of Senator McMahon and Senator Tydings could of themselves produce results. Success can only come from strength because, as Mr. Acheson put it, "Agreements with the Soviet Union are useful when those agreements register or record an existing situation of fact." To talk of a general settlement is futile because of the total absence of common aims and common moral standards between the Soviet Government and the democracies.

It is becoming clear to me that something fairly dramatic will have to be done before long if only to satisfy public opinion. I think that the methods which might be adopted fall into three main classes: (1) negotiations might be started outside the United Nations either directly between the United States and the Soviet Union or including one or two other countries as Mr. Churchill desires; (2) an effort might be made to abate tension and reach some sort of working agreement through United Nations machinery after careful preliminary negotiation; (3) plans might be concerted for a bold approach by the Western powers at the next Assembly in the virtual certainty that the Soviet Delegation would be in a small minority.

I have not much to say about the first possibility as yet. It could include a lot of different tactics from the convening of a Big Three conference to the undertaking of private talks with Soviet representatives, such as the Jessup-Malik talks which led to the lifting of the Berlin blockade. The Jessup-Malik precedent, it seems to me, can be applied most effectively only in relation to a particular situation in which the Russians desire an agreement because they are not strong enough to maintain their attitude. A high-level meeting of Heads of Governments or of Foreign Ministers does not appear to me to hold much prospect of success in present conditions, and the wider its agenda the more resentment would it cause among countries not represented.

The second and third approaches could not be made so long as the conflict over the recognition of the Communist Government in China persists. The present state of affairs in United Nations bodies is not so much like "Hamlet" without the Prince of Denmark as like "Faust" without the Prince of Darkness. We must therefore assume that that situation will be resolved by the next Assembly in any planning for action at that time.

Mr. Rusk is deliberating on a plan which falls into the second category. It would require careful preparatory discussion with a group of the democratic countries and also with the Russians. It is as yet vague in outline. It is based on the fact that both sides are bound by Articles 1 and 2 of the Charter and that all members of the United Nations ostensibly accept these articles as the basis of their foreign policy. He thinks that these articles might provide the occasion, possibly at a special conference, for reviewing the existing international situation in the light of the purposes and principles of the United Nations and attempting to arrive at some sort of a general agreement with the Russians on their application to particular situations. He remarked to me that the person who could best take an initiative to bring about

a realistic discussion of this sort was the Secretary General of the United Nations, but he seems to have little hope that Mr. Lie could act effectively. He added that if you held that office something promising might be started.

Some thought is also being given in the State Department to action in the Assembly falling into the third category — that is, designed to win another propaganda battle with the Russians. I cannot say that I regard tactics of this sort as particularly profitable, but we may hear more of them. A current idea is that a group of the Western powers might propose a very generous disarmament scheme covering both atomic weapons and conventional armaments, which the Russians would be certain to refuse because it must involve effective inspection but which would nevertheless commend itself to public opinion of most of the rest of the world. I am not myself much attracted by any plan for the acceptance of which there is no hope.

There are a few oddments which it may be useful to add. Mr. Kennan's ideas for atomic disarmament through agreement to give up all but experimental installations has little, if any, support inside the State Department and none, I think, in the Department of Defense. Even if it were possible to reach agreement on renouncing the use of atomic energy as a source of power (which is almost certainly not the case), a scheme on Kennan's lines could not be accepted without effective inspection inside the Soviet Union.

Mr. Lippmann has been putting forward another proposal which is equally unlikely to be supported. This is the idea of creating a neutral bloc between the Soviet sphere and the West, running in a great arc from Sweden and Finland through Greece, the Middle East, the Indian Peninsula, perhaps to the Philippines. The trouble with this, of course, is that neutrality has become an empty term which is no shield from attack whenever it is in the interests of a great power to make use of neutral territory. Neutrality of this sort might conceivably be maintained for some time in certain areas, particularly in southeast Asia, but this would be because of geographical situation and not because of any international agreement.

I am sending a copy of this letter to the Acting Under-Secretary for his information.

Yours sincerely,
H.H. WRONG

225. DEA/278-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

SECRET AND PERSONAL Washington, March 15, 1950

Dear Mike [Pearson]:

I am sending by today's bag a semi-official letter to you reporting a talk with Dean Rusk on the possibilities of a new negotiation with the Russians. In that letter I mention that Rusk remarked that the State Department was constantly sounding out the Russians to find if there was on their side any indication of a readiness to change their attitude. He said that I could tell you but you alone that he had within the last few days spent an evening with Malik in New York with a view to discovering whether there was any evidence of a desire to reach a modus vivendi. He had drawn a complete blank. The only matter Malik wanted to talk about was the admission of the Chinese Communists to the United Nations.

I also refer in my other letter to Senator McMahon. Rusk said that before making his recent speeches (those proposing an enormous global Marshall Plan and suggesting a new effort to reach an atomic agreement following discussion in the Atlantic Council) the Senator had spent several evenings with him or other senior officers of the State Department. He had not taken in these talks the line which he put forward in his speeches, but had appeared to be in agreement with the point of view expressed by Dean Acheson. This change of front is one of the reasons why Rusk thinks that McMahon is not averse to the prospect of a preventive war.

Yours sincerely,
HUME [WRONG]

226. DEA/278-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

SECRET Washington, March 15, 1950

Dear Mr. Pearson:

This letter is a sequel to my letter to you of February 23rd on the question of what, if anything, might be done to lessen tension with the Soviet Union. I took Mr. MacDermot to see Mr. Rusk this afternoon and we spent three-quarters of an hour principally discussing this subject.

I asked Mr. Rusk whether he thought that the Administration would be able to resist public pressure for some sort of an attempt to reopen negotiations with the Soviet Union on some, at least, of the main outstanding issues.[1] He said that those who were proposing a new effort, by a meeting of heads of states or by a special international conference or by a meeting of the Security Council attended by Foreign Ministers or in other ways, could be divided into two classes. There were those who hopefully believed that a *modus vivendi* with the Russians, if not a broader settlement, could be achieved through employing one or other of these methods. This group merged, however, with another group who had come to the conclusion that a showdown with the Russians was now called for, that war sooner or later was inevitable, and that a "preventive war" now was preferable to waiting on events;[2] they therefore favoured an impressive international negotiation in the virtual certainty that it would break down and precipitate a violent crisis. His emphasis on the existence of this group and on the dangers attending their aims was new to me. He urged me to pass on to you the grave apprehension felt by the State Department about the risks involved in undertaking a negotiation of this sort.[3] It could be represented plausibly and with considerable popular appeal as a peace move, whereas in fact the prospects were that it would greatly increase the dangers of early war.

I think that Mr. Rusk did not mean to imply that the motives of some of those whom he would put in the second group are as Machiavellian as this description might lead one to believe. He remarked, for example, that Senator McMahon appeared to belong in both groups, by which I assume he meant that the Senator thought that there was some possibility of reducing tension by a new approach but was ready to face the consequences of the outbreak of war if the approach was made and failed.

Mr. Rusk said that the Department of State through various channels was constantly sounding out the Russians to see if they were ready to talk on any of the outstanding issues.[4] These discussions had produced absolutely no result, with the exception that they wanted to talk about the admission of the Chinese Communists to the United Nations, a question which is only distantly related to the central issues. He believes that, as Mr. Acheson has said, it is only possible to make advances in negotiating with the Russians when they themselves wish an agreement, as was the case over the Berlin blockade.[5] He is not sure that the Russians are even ready to accept the conception of a world made up of a number of sovereign states or, if they do accept this conception, what states they would be prepared to include. In support of this view, he pointed to the subjection and isolation of the

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[1] Les neuf notes marginales suivantes ont été rédigées par L.B. Pearson :
The following nine marginal notes were made by L.B. Pearson:
Rusk doesn't answer this.

[2] *New* idea!

[3] agreed! but what about "public opinion" — can't it be satisfied to some extent without the risks being great

[4] No one knows of this *but* they do know of the "lick heel" and McCarthy people

[5] The Kennan school[.] Does this mean that the initiative has to be left *entirely* to the Russians[?]

Satellites, and to the evidences of a desire similarly to isolate China from contact with the Western world.

He emphasized that this does not mean that the United States is taking an inflexible position, and he read us a passage from the speech which Mr. Acheson is to give tomorrow in California on tensions between the United States and the Soviet Union. You will probably have seen the speech before this letter reaches you. The basic point is that the complete unwillingness of the Soviet Government to co-operate[6] or to compromise on any of the major issues at present dooms to failure any effort on the part of the Western Powers to achieve satisfactory results through a general negotiation and that such a failure would bring the world to the brink of war. If anyone can, however, by any means find an opening which looks promising, it should be followed up with promptness and energy.[7]

He then repeated what he had mentioned to me before, that if the Secretary General were not Mr. Lie, he would perhaps be the best equipped person to explore the possibilities. He thought that if you were to be elected President of the Assembly, you could undertake this role. Someone with an international mandate would have a better chance of success than the representative of any government.

This interpretation of the situation rests, of course, upon the deductions drawn from Soviet behaviour. In support of it, Mr. Rusk cited such facts as the refusal of the Russians to go on with the Austrian Treaty (confirmed, he said, by information recently received), their evident policy of perpetuating the separation of Germany and of making Eastern Germany into another Satellite, the trials and purges in the Satellite states, and the treatment of Western diplomatic representatives throughout the Soviet sphere. He placed no faith whatever in the recent spate of assertions in Moscow about the ability of the Communist and the Capitalist worlds to live indefinitely side by side; these declarations, he thought, were directed at confusing democratic opinion and had no more in them than that.

Mr. Rusk agreed that if the Russians have resumed their places at the United Nations by the next Assembly, there will have to be a debate on the major issues.[8] He is clearly not optimistic that this would be more than a propaganda battle. A propaganda battle waged once more in the accustomed forum of the Assembly, however, does not contain the same danger of leading to a sharp crisis, as would a failure to reach any agreement at a special conference of some sort.

He also referred to the danger, which Mr. Webb had mentioned to me earlier in the week, that the defeatist spirit in Western Europe might increase and might result, if there were a showdown, in a very powerful wave of popular sentiment in favour of attempted neutrality, involving a repudiation of the obligations undertaken in the North Atlantic Treaty. I asked him whether he considered that it would be desirable at the projected meeting of the North Atlantic Council some weeks hence for the Council to discuss the present deadlock and the means of overcoming it. He is dubious of the value of such a discussion and he considers that while the

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[6] I don't think we have yet sufficiently exposed this

[7] But according to Rusk there aren't any possibilities except to sit back and wait for the Russians to reform

[8] If so let's organise it now.

Council should deal with matters of substance, it ought to concern itself with the strengthening of the defences of the North Atlantic area rather than with the general world situation. He pointed out that the North Atlantic countries would get into a lot of trouble with their friends outside the circle if the Council sought to assume some of the functions given to the Security Council by the Charter. He said, however, that the Council should, in his judgment, extend the scope of its discussions outside the purely military sphere and indicated that the State Department would be glad to consider ideas for its agenda.[9]

I am sending a copy of this letter to the Acting Under-Secretary.

Yours sincerely,

H.H. WRONG

227. DEA/278-40

Le délégué permanent auprès de l'Office européen des Nations Unies au chef de la Direction européenne

Permanent Delegate to European Office of the United Nations to Head, European Division

SECRET Geneva, March 18, 1950

Dear Mr. MacDermot,

I have had forwarded on to me here from London your letter of March 6th,† to which you attached copy of a letter to Mr. Pearson from Mr. Wrong following up a discussion between them which took place in Ottawa in the middle of February about the question of what, if anything, might be done to lessen the international deadlock with the Soviet Union.

I note that you refer to the Minister's statement in the House of Commons on March 3rd, but as the *Hansard* of that date has not yet reached Geneva I shall have to give you my comments without the benefit of reading the Minister's statement. I have read, however, a press summary of what he said in the House of Commons and am therefore familiar with the general position he took.

Needless to say, I have read over Mr. Wrong's letter with great interest and am in substantial agreement with most of what he has written. I fear, however, that I do not see much possibility of any useful steps being taken in the near future to lessen the international deadlock with the Soviet Union. Moreover, I am very conscious of the dangers inherent in the proposals recently advanced, including those which are referred to by Mr. Wrong. If Mr. Churchill, during the recent election campaign, was not above exploiting the deep-rooted desire for peace inherent in all our countries, we can expect that the Soviet Government will be constantly looking for opportunities to exploit these same sentiments. Consequently, all proposals for discussions, whether or not the discussions are confined to a few countries or to many, present the great danger that the Russians will use the occasion for propaganda

[9] We are working on this

purposes and as a means of weakening the will to resistance on the part of the Western powers. This danger is very much greater if the initiative in bringing about the discussions is taken by one of the Western powers, because that power then has a major interest in making a success of the discussions.

It is for the above reasons that I hope Mr. Wrong is mistaken when he writes that something fairly dramatic will have to be done before long if only to satisfy public opinion. What this means is that public opinion is veering towards appeasement in some form or another. The situation reminds me of that which existed in the United Kingdom when the peace vote was taken which led directly to the disastrous appeasement of Munich. The result of the peace vote made Mr. Chamberlain act as a good politician but as a bad statesman. We must at all costs avoid a repetition of these events.

Mr. Wrong, in his letter, outlines three main classes of methods which might be adopted to do something fairly dramatic. The first of these is that negotiations might be started outside the United Nations, either directly between the United States and the Soviet Union, or including one or two other countries. This method is open to all the objections I have already indicated, and I think would be fatal if the initiative in undertaking the negotiations should be taken by the United States. I fully share the opinion expressed by Mr. Wrong that the Jessup-Malik precedent can be applied effectively only in relation to a particular situation in which the Russians desire an agreement because they are not strong enough to maintain their attitude. Moreover, the Russians on that occasion took the initiative rather than the Western powers. I am quite sure that Mr. Churchill was not sincere in making his proposal during the election campaign because he, more than anyone else, must know what little prospect there would be of success resulting from a high-level meeting, particularly one in which he was a participant.

The second method described by Mr. Wrong is that an effort might be made to abate tension and reach some sort of working agreement through United Nations machinery after careful preliminary negotiation. A lot would depend upon what sort of working agreement was aimed at and how far it is to the interest of the Russians that tension should be abated. Certainly we can rule out any sort of working arrangement for disarmament or the outlawing of hydrogen or atomic bombs if international inspection in the Soviet Union is involved. If there is one thing more than anything else that I am certain of, from my experience in Russia, it is that the Russians will never agree to any form of international inspection which involves inspectors from other countries moving about their country with that degree of freedom essential to the effectiveness of the inspection. It is a cardinal principle of their policy that foreigners should not learn too much about the Soviet Union. They are more frightened of foreigners finding out how weak they are than of their finding out how strong they are.

Mr. Rusk appears to have in mind a conference for reviewing the existing international situation in the light of the purposes and principles of the United Nations and attempting to arrive at some sort of a general agreement with the Russians on their application to particular situations. I find it difficult to think of any particular situation in which it would be possible to reach an agreement with the Russians that

they could be expected to live up to. A special conference for this purpose would be particularly dangerous because of the use the Russians could make of this opportunity for propaganda and for channelling the sentiments for peace in the direction of appeasement. There would be less, but still great, objection to such a subject being discussed as an item on the agenda of the General Assembly. Probably the only form in which this approach could be considered to be free of objection would be if the move were made solely on the initiative of the Secretary-General of the United Nations, but, as Mr. Wrong points out, Mr. Rusk seems to have little hope that Mr. Lie could act effectively.

Possibly the effectiveness of the use of the United Nations machinery depends upon the personality of the Secretary-General. No doubt Mr. Lie is counting on the inability of the two sides to agree on anyone else and that he will continue in office. Perhaps the least dangerous of all topics for discussion with the Russians might be informal conversations on the subject of a successor to Mr. Lie.

I do not believe it would be possible, under present circumstances, to reach agreement with the Russians on the situation in any particular area, e.g. Indo-China. We have to consider the realities of the situation, which is that the autocratically-governed little principality of Moscow, located in the area in which the main rivers of Russia have their source, and therefore at the crossroads of an enormous territory, has expanded during the past four hundred years until it now covers nearly the whole portion of the Eurasian land mass which is inaccessible to sea or air power. In other words, the Russians are in possession of that "heart land" which Sir Halford Mackinder[10] regarded as so strategic. They are in possession of interior lines of communication which stood the Germans in such good stead in two world wars. The only parts of this vast area in which Western power can neutralize Soviet power is on the peninsulas jutting out from the "heartland", such as Western Europe, Korea, Malaya, the Indian sub-continent and the Middle East. It is futile to think that the Russians would give up these advantages by concluding an agreement in respect of any particular area unless it is one in which a clash might involve them in that major war for which they are not yet ready. Moreover, their whole philosophy indicates that the more they can promote tension between themselves and the Western world, the speedier will be that break-down of capitalism on which they base all their calculations.

Opposed to the Soviet philosophy is the Kennan doctrine of the containment of the Soviet Union until the corrosive forces within the Soviet system begin to work and bring about the downfall of that system. This has seemed to me to be like waiting in the hope that the Soviet system will collapse before Western civilization, but I can see no alternative. I have been impressed with the recent articles by

[10] Sir Halford John Mackinder, théoricien de la géopolitique dont la thèse a été publiée en 1904, affirmait que la puissance qui contrôle le coeur du continent eurasien, soit la Russie et l'Allemagne, pouvait dominer le monde à moins que les pays « périphériques » ne se concertent pour l'en empêcher.
Sir Halford John Mackinder, a geo-political theorist whose 'heartland' thesis was originally published in 1904, postulated that the power which controls the 'heartland' of the Eurasian landmass, consisting of Russia and Germany, could dominate the world unless effectively countered by the 'rimland'.

George Kennan on the subject of "Is War with Russia Inevitable" and I agree with all that he writes. Certainly one derives the conclusion from these articles that it would not be wise for the Western powers to take the initiative to lessen the international deadlock with the Soviet Union.

It is clear that something more positive than a mere policy of "wait and see" is required. It is because the United States has had a positive policy that the tension with the Soviet Union has arisen and, from this angle, the tension is a reflection on the success of that positive policy. We have, however, now reached a crossroads in which vital decisions have to be taken. So far as Europe is concerned, much would seem to hinge upon the possibility of bringing about closer political and economic integration of the countries of Western Europe. This can be done only under United Kingdom leadership and a change of heart on the part of the United Kingdom is urgently required. Possibly the recurrence of financial and economic difficulties for the United Kingdom will bring about that change of heart. What we want to see is a closer association of the countries of Western Europe which will not only be an effective barrier to Soviet aggression but also a strong magnet of attraction for the oppressed peoples in the satellite states, particularly those whose former way of life had more in common with the West than with the East.

As regards the Middle East, the situation is more difficult because the explosive forces are greater and Soviet land power can be more effectively exerted on this area than Western sea or air power. Nevertheless, the oil resources of the Middle East are so vital to the West that it is probably realised by the Soviet leaders that any serious threat to this area would entail the risk of bringing about that major war for which the Soviet Union is not yet ready or likely to be ready for at least a decade.

When we come to Asia the advantages seem to be all on the side of the Soviet Union. Unfortunately, we have chosen as our testing ground an area in which the Communists will be appearing as attempting to free the people of Indo-China from colonial domination, whereas the United States will be on the side of colonialism. However, the die has been cast and there seems to be no alternative to a trial of strength in Indo-China. If not successful there, there is no telling how far in Asia communist expansion may go, and even the policy of bolstering up existing regimes with economic assistance may prove to be insufficient. I cannot, however, see any possibility of reaching effective agreement with the Soviet Union in respect of any of these areas in Asia.

I now come to the third of the three classes of methods referred to by Mr. Wrong. This is that plans might be concerted for a bold approach by the Western powers at the next General Assembly in the virtual certainty that the Soviet delegations will be in a small minority. I feel I cannot condemn too strongly this proposed approach. It would be lowering ourselves to the tactics of the Russians. Even if we won the propaganda battle, the tactics would appear so obvious that the Western powers would be discredited and the forces of peace directed towards appeasement would be greatly strengthened. It is one thing to seek victory in a propaganda battle started by the Russians, but quite another to start that battle ourselves. By doing so, we are rendering the worst possible service to our cause. There is nothing that so

gratifies the Soviet leaders as to see the Western powers afraid of the Soviet Union. Conscious as they are of their own weakness rather than of their own strength, they relish all the talk that is now going on about seeking a modus vivendi with them. We cannot prevent all this agitation and free publicity for the Soviet Union but we should do everything possible to play it down. The less talk there is about the Soviet menace the better it would be. Above all, we should not play into their hands by giving them an opportunity of being still more talked about, as would be the case if we deliberately sought a propaganda battle within the United Nations.

The United Nations probably is the only organization which can eventually bring about a better understanding between the Soviet Union and the Western world, and for this reason it is worth being kept in being and, if possible, strengthened. The impasse which has been reached over the withdrawal of Soviet representatives from the organs of the United Nations will have to be resolved, but the most feasible method would be for the United States Government gradually to convince both public and congressional opinion of the realities of the situation, which require recognition of the Communists as the government now in power in China, and one with whom it is better to have relations than to carry through the farce of recognizing a regime which the United States itself deserted several years ago. I realize the domestic difficulties of the United States Government, and also the disadvantages of having another communist government among the permanent members of the Security Council, but there is no other solution consistent with the realities of the situation and with using the machinery of the United Nations for the only effective contact now possible with the Soviet world.

I am sorry to have been so discouraging on the prospects of any safe steps being taken to lessen the international deadlock with the Soviet Union, but I find that all those who know the Soviet Union share the view that there is no alternative to continuing the present impasse, although I hope with less free publicity for the Russians than has been accorded them within the last few months.

Yours sincerely,

L.D. WILGRESS

228. DEA/278-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

PERSONAL & SECRET Ottawa, March 24, 1950

Dear Hume [Wrong],

I have read with great interest and profit your recent series of letters and despatches on the position of Dean Acheson and the relation between the attacks on him and the State Department and the popular demand for some new effort to negotiate with the Russians. The persecution to which Acheson is being subjected is

certainly dangerous and irresponsible. Personally, however, I am more depressed than surprised by it. It seems to me that one of its most lamentable aspects is the failure of anyone of political strength in the United States to stand up for Acheson and the readiness with which he is being written off by some simply because he is assumed now to be a political liability to the administration. It may be that if he can weather the immediate storm, he will emerge with a political following amongst American liberals that will make it more hazardous to beset him in future. In the meantime, however, the prospect of a change at the helm in the State Department in consequence of the insalubrious winds which are now blowing, is dreadful to contemplate.

Meanwhile I am wondering whether Dean [Acheson's] tactics in regard to the demand for some new attempt to approach the Russians have been altogether wise. I fully understand and sympathize with the reluctance of responsible people like him and Rusk to acquiesce in the emotional and sometimes even hysterical clamour which is put up in some quarters for action merely for its own sake. It would, of course, be extremely dangerous to initiate new negotiations with the Russians on any of the fronts which are now deadlocked without there being some real prospect that either the substance of the discussions or the auspices under which they took place would lead to progress. It seems to me however that, as you yourself suggested to Webb in your conversation of March 13, public opinion on this subject may become so assertive that the State Department may be forced, against its will and unprepared, into the course of action which it is now trying to resist. The perils of that situation would exceed even those which now exist. We might well find ourselves faced with some ill-considered and precipitate proposals for new negotiations, in which we could not participate with any confidence. This, as you know, is a recurring danger in Washington and one from which we have suffered in the past on other issues.

There was I thought some evidence of the possibility of this kind of retreat in Dean's suggestions at San Francisco in regard to the Far East. On the one hand he restated the position of the United States on the major issues of the cold war in terms which, while clear and convincing, introduced nothing new to the situation, either in substance or emphasis. On the other hand he took a step of major consequence to us all when he drew or seemed to draw the line of western defence firmly across the southern borders of China and hinted that some kind of Pacific Association should be formed for the purpose of holding this line.[11] Is he really thinking in terms of a Pacific Pact, as Scotty Reston and Norman Smith, for instance, think he is? I for one have very grave doubts whether at the moment an alliance or grouping of this nature would be practicable, and I have even greater doubts about the willingness of the Canadian people to participate in such an alliance. The North Atlantic Treaty is not a fair parallel, for in that case we drew our line around an area of relative stability, within which there was a genuine community of interest, political, economic and cultural. I do not know what in the world we should be letting ourselves in for by attempting a similar experiment in the Pacific or in South East

[11] Dean Acheson, "Tensions Between the United States and the Soviet Union," March 16, 1950, U.S. Department of State *Bulletin*, Volume 22, No. 560, March 27, 1950, pp. 473-8.

Asia, and I would need a lot of convincing that we were not simply being asked to repeat in South East Asia, through an international instrument, policies which the United States had followed with such unhappy consequences in China; and which are not working out too well in Korea.

To revert to the possibility of renewed negotiations with the Russians, I do not think that our public will be content for long merely with the achievements of the Kennan policy of containment, on no matter how wide a front that policy may be successfully applied. The effects of that policy surely are, or should be, a greater sense of confidence in the strength of our own position and we should therefore be prepared to make a renewed effort at settlement with a much greater feeling of assurance that, at least, we can come out of the process in a good light so far as our own public is concerned. I do not, however, think for a moment that there is any point to negotiating simply for the sake of going through the motions in order to satisfy public opinion. I judge from your letters that the two Deans [Acheson and Rusk] reject, or at least are skeptical about all the current proposals — high level meeting, special Assemblies in Moscow or elsewhere, special meetings of the Security Council or a special conference on disarmament — because they are convinced that any of these would simply be activity for its own sake. One can agree with their skepticism on this score, and still wonder if we need conclude that any renewed initiative will necessarily and inevitably be ill-considered and therefore abortive. Is there no chance that, by careful consultation amongst ourselves (by ourselves I mean the United States, the United Kingdom, Canada and possibly France) we could not work out in advance some agreed programme for an approach to the Russians, either on a broad front or in some particular field, that would enable us to get a wedge into the encircling wall of frustration? There would of course have to be extremely careful preparation and agreement both upon our initial positions and upon the positions on which we were prepared to retreat if the Russians showed any disposition to negotiate. Couldn't we take thought together along these lines? It seems to me that if there is any way of avoiding the dangers of a sudden, ineffective and therefore calamitous renewal of discussions through some dramatic gesture designed simply to appease public opinion, it is through a considered policy of the kind I have in mind. Even if it didn't secure any concrete results surely, if it were carefully planned and operated, it might secure important gains in the psychological war.

These paragraphs are of course simply reflections which I send you because I think we must all spend as much time as we can trying to think out a way of getting an oar into the water and doing a little pulling on it, before we are carried over Niagara Falls in something a great deal less secure than a barrel.

Yours sincerely,

MIKE [PEARSON]

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Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

TOP SECRET Ottawa, April 14, 1950

Late last autumn it was announced that Mr. Phillip Jessup, United States Ambassador at large, would go to the Far East for a meeting of United States diplomatic representatives to be held at Bangkok. At about the same time, arrangements were being completed for the meeting of Commonwealth Foreign Ministers at Ceylon, and Mr. Jessup and I, who were then seeing one another at meetings of the General Assembly, agreed that we should try to meet, either in the Far East or after our return, to exchange our impressions on the situation in that part of the world. As it turned out, our paths did not cross in the Far East, and Mr. Jessup did not return from his travels until late in March. Even before he reached this continent, however, he asked whether it would be possible for us to fulfil the undertaking which we had made to see one another, and it was arranged for us to meet in New York on April 1st and 2nd. As a pretext for going to New York I accepted a long-standing invitation to speak privately to the Council on Foreign Relations, and I do not think that anyone, apart from a few officials, knows that my meeting with Jessup took place. Jessup was accompanied by Dean Rusk, formerly Deputy Under-Secretary of State, with general responsibility for political affairs, and recently appointed Assistant Under-Secretary, with responsibility for the Far East, and Ernest Gross, who is Deputy to Senator Austin as United States representative on the Security Council. Mr. Wrong came up from Washington for the meetings and I was accompanied by Riddell of my office.

2. I was, of course, particularly concerned to learn the impressions which Jessup had formed as a result of his travels in the Far East. We did not, however, confine our discussions to that topic, but made a general review of foreign policy, concluding with a thorough-going analysis of the general topic of relations with the Soviet Union and policy in regard to the United Nations. In general I found the American officials disposed to be confident about the immediate position, particularly in the Far East. They had, however, few concrete suggestions to make about an approach to a solution of any of the current major problems in western diplomacy, and seemed anxious to be given suggestions or advice.

3. In regard to the recognition of the Communist regime in China, Jessup and Rusk made it clear that the United States had no immediate intention of altering its attitude. If anything, American policy in this regard has become more firm. A few weeks ago Acheson was suggesting to Wrong that the reluctance of the United States to recognize the Peiping regime arose largely out of domestic political considerations. According to Jessup, however, the situation in China itself was the matter of primary concern to the U.S. Government. He said they were by no means sure that the Communist Government would succeed in establishing really effective authority over South China and that a prolonged civil war, perhaps even result-

ing in the emergence of two Chinese governments on the mainland, might ensue. They were anxious, therefore, not to recognize too quickly a government which might, in fact, not be able to make its writ run in large areas of China. Their attitude would also be affected by the treatment the Peiping regime gave United States interests in China. They did not wish to recognize Peiping simply with the object of being rebuffed and insulted. Rusk added that he thought United States policy in regard to the recognition of Peiping should be formulated in terms of the whole situation in Southeast Asia. He and Jessup are apparently optimistic about the possibility of holding the line against the spread of Communism beyond the borders of China, and they are anxious to use all possible means for encouraging the anti-Communist forces on which their policy depends.

4. None of the Americans had anything very useful to suggest in regard to the question of Chinese representation in the United Nations. They were worried and perplexed by the withdrawal of Soviet delegations from United Nations meetings and constantly referred to the additional difficulties in dealing with the Soviet Government caused by its boycott of the organization. They did not, however, think that much permanent harm is being done to the United Nations, for the moment at least, by the situation which has developed because of the rival claims of the two Governments. When I suggested that it would become increasingly embarrassing for us to go on pretending that the Government of Chiang Kai-shek represented the Chinese people, and that in this respect the Russians had a very good propaganda case, the Americans seemed unable to make any useful suggestion for overcoming these circumstances. Gross said that, from his observations at Lake Success, he was convinced that the Russians would not use the Chinese situation as a pretext for pulling out of the United Nations, and we were all disposed to concur in this judgment. There was general agreement also that somehow or other the question of Chinese representation should, if possible, be solved at the latest when the next Assembly meets. The Americans did not think that they would be able to contribute materially to bringing about this solution, since they did not expect that their own position would by that time have changed. They said, however, that it was possible that, when the Assembly met, there would be so many abstentions on the question of Chinese representation that the Chinese Communists would be seated by a small majority of a small vote. They readily admitted that this somewhat crab-like manner of admitting the new Chinese Government to the United Nations would give little impression of decisiveness or leadership. However, they had no alternative proposal to offer, except for a half-hearted suggestion that they and others might withdraw their recognition from Chiang Kai-shek, and that the United Nations could then get along for a time with no Chinese representation. They realized, of course, that, even if this proposal had any other merits, it would certainly not satisfy the Russians. Jessup and his colleagues do not think that a change in Chinese representation is likely to take place on any international body before the General Assembly meets, with the possible exception of the Far Eastern Commission. The addition to the Far Eastern Commission of Ceylon and Indonesia, both of which have applied for membership, would alter the balance in that body in favour of the Chinese Communists.

5. On the subject of French Indo-China, Jessup was optimistic about the progress which was being made by Bao-Dai in the consolidation of his regime and in the extension of his authority. Jessup seemed to think highly of Bao-Dai, who, he pointed out, had struck a much harder bargain with the French than the one previously accepted by Ho Chi Minh when the latter had been head of the government. He said also that Ho Chi Minh had no capital city or administrative centre, that he made no pretence at carrying out administrative services in the areas over which his forces operated, and that the Communists in Indo-China carried on entirely as guerrillas. Jessup seemed quite sure that Ho Chi Minh was not getting much help from the Chinese Communists, and suggested that it was not even certain that the guerrilla leader was still in the country. He added that, in French Indo-China, as elsewhere in Southern Asia, there is a growing fear of the aggressive intentions of the Chinese Communists, which the latter are fostering by inflammatory and tactless propaganda. The Americans discounted the possibility that the course of their policy in French Indo-China would parallel the development which had led to such a disastrous conclusion in China. In any event, they said, they could not be any worse off if the Bao Dai regime were to collapse after they had made vigorous efforts to support it than would be the case if they withheld their support.

6. Jessup, drawing on his background as an international lawyer, developed the ingenious argument that the recognition by the United States of the Bao Dai regime in French Indo-China was based on their previous recognition of French sovereignty. Authority was devolving on Bao Dai from the French by a legal, constitutional process. It might be true that transfer of sovereignty was not yet complete, but this should not inhibit recognition. At this point Jessup tried to draw a parallel, which did not much impress us, with the gradual process by which the sovereign status of Commonwealth countries such as Canada and India had been recognized internationally.

7. In the course of the discussions about Southeast Asia I tried to draw out Jessup and Rusk concerning American defence plans for that area. I referred to Mr. Acheson's speeches in California, and particularly to those passages in which he seemed to be applying the Truman Doctrine to the southern borders of China. I asked whether or not the United States Government had in mind the development of a set of defence agreements in that area, or the establishment of something in the nature of a South Pacific alliance. They said that no precise plans were being formulated, and that all Acheson had in mind was to assure the countries of Southern Asia that, wherever they took appropriate measures either singly or collectively for their own defence, they could count on the support of the United States. I was not entirely satisfied with this explanation of Acheson's statement, and from the references which Jessup and his colleagues made then and at other times during our conversation, to American defence policy in the Pacific, I got the impression that they are thinking in terms of the possibility of developing a net-work of defence alliances in the South Pacific. They agreed that many of the governments which would be protected by such an alliance were unstable and insecure, and that it was most doubtful whether India would co-operate. They seemed, however, to have at the back of their minds the idea that even now the United States, with whatever support it

could get, might underwrite some of these governments with political and military guarantees.

8. On the question of the peace treaty with Japan, Jessup said that any differences in view which had existed between General MacArthur, the Pentagon and the State Department were rapidly being resolved and he thought it would be possible to start working towards a Japanese peace treaty about the first of May. There was general agreement that an effort must be made to include the Russians in the peace treaty, and that, if they would not come, the conference must be held without them. The Americans had no very clear idea what they would do about Chinese representation at the peace conference. They suggested that it might be necessary to proceed with no Chinese representative at all. When I pointed out that a Japanese peace treaty concluded by a conference at which the Chinese Government had not been represented, or at least had the opportunity to be represented, would be hard to justify to the Chinese people, they put forward the alternative suggestion that invitations might be sent to the existing membership of the Far Eastern Commission at the time the conference was called. If a change in Chinese membership on that Commission were to take place soon, as they think possible, the opportunity would thus be given for Peiping to be represented. They did not seem to think these circumstances would be either embarrassing or anomalous, although the result would be that the United States government would be negotiating a Japanese peace settlement in a conference attended by representatives of a Chinese government which the United States refused to recognize.

9. Jessup said that, in general, the problem of a Japanese peace treaty resolved itself into two simple questions — how do you guarantee the security of smaller countries of the Pacific against Japan, and how do you guarantee the security of Japan against the mainland? He suggested that these questions might be answered by the thorough-going demilitarization of Japan, accompanied by guarantees against aggression to Japan by the signatories of the treaty, and a parallel mutual guarantee amongst the signatories against renewed Japanese aggression. He did not think there would be any particular difficulty in giving guarantees of this nature to Japan, even though similar guarantees were withheld from countries like Korea or Indonesia, because of the fact that Japan would be demilitarized. In any case, the most effective guarantee of Japanese security would be the existence on Japanese territory of American bases, which he thought the Japanese would be only too glad to give to the United States after the treaty had been signed. In this connection he pointed out that Nehru did not seem to think that any particular difficulty would arise because of American bases on Japanese territory, if these bases were established in consequence of agreements entered into by a free Japanese government after the conclusion of a treaty.

10. With reference to the economic problems of the Far East, Jessup said that at the moment civil wars were going on in almost every part of Southeast Asia and enormous resources were thereby being wasted. Once some form of political stability could be re-established, he thought rapid economic progress could be made, particularly with the technical assistance which was now being organized through the United Nations. Jessup wondered whether, as a consequence of the Spender plan, the Commonwealth would be prepared to take on responsibility for part of

this technical assistance. As illustrations of what might be done, Rusk suggested that an institute on water conservation and development in Karachi, a food institute in Calcutta, and an institute on public administration in Indonesia could provide technical training of tremendous importance and, at a relatively low cost, contribute materially to the economic rehabilitation of the Far East. Jessup and Rusk hoped that at Canberra the Commonwealth countries could give consideration to a few concrete proposals of this nature, and would also try to avoid the duplication of efforts being made through other agencies, such as the F.A.O., and the technical assistance organization which would be set up as a result of their Point Four Programme.

11. We also discussed at some length the question of Kashmir. I suggested that we should now await the results of the meetings which were then taking place between Nehru and Liaquat Ali Khan in New Delhi, and said that they, themselves, might agree upon mediation procedures. The Americans expressed some alarm over the possibility that the subject of Kashmir might be withdrawn even temporarily from the Security Council. I pointed out, however, that there could be no better procedure for settlement than one upon which the two parties themselves agreed and that, in any event, the subject could be kept on the agenda of the Security Council. It was generally agreed that if the Security Council is to continue its consideration of the problem a mediator for Kashmir, under the terms of the most recent Security Council resolution, must be found as soon as possible. We went over the list of possible appointments, and I suggested a few additional names that did not seem to have occurred to the Americans.

12. We then turned to a discussion of relations between the Western Powers and the USSR. I said that I had some misgivings in regard to the present situation in which no effort was being made to reach an agreement on any subject. The public, both in America and elsewhere, was obviously disturbed by this situation, and I wondered if there were not some danger that the State Department would be pushed off the ground on which it now stands, and would in consequence be forced to renew negotiations with the USSR without adequate preparation and in circumstances which would be unfavourable. Rusk said that they were aware of this danger and were worried by it. There had, however, been some lessening in the public clamour for renewed negotiations. In any event, it was necessary to decide what object was to be gained by undertaking new negotiations. If it was hoped, by a new approach, to close the gap between ourselves and the Russians, it was not certain that public opinion would be satisfied since the negotiations would have to be private. On the other hand, if what was desired was simply a public demonstration of our willingness to settle outstanding problems on a reasonable basis, we would have to take it for granted that the Russians would continue in their present attitude and that the negotiations would fail. Failure in those circumstances might provoke a crisis even more dangerous than the present tension.

13. In spite of a persistent feeling of frustration which seems to result from the combined effect of attacks upon the State Department and the aggressive intransigence of the Russians, Jessup and Rusk seem genuinely anxious to discover some means of regaining the initiative for the United States in regard to Soviet-U.S. relations. They were not, however, very fruitful of suggestions. Rusk proposed that one

or two points might be taken out of Acheson's Berkeley speech and used as a basis for discussion with the USSR, but when we questioned him further on this suggestion, he mentioned nothing more serious than negotiations about the reciprocal treatment of diplomats. In regard to atomic energy, Gross put forward a suggestion which had originated with Tsiang that talks might be renewed amongst the five sponsoring powers of the original atomic energy resolution (excluding China), and that concurrent talks could take place amongst a group of five including the present Chinese delegation but excluding the Russians. He added, however, that this proposal would not satisfy the USSR, which would almost certainly refuse to attend the talks on the ground that 450 million Chinese could not be left unrepresented in discussions of so important a topic.

14. One suggestion emerged from our discussions of atomic energy which I think deserves further consideration and may prove fruitful. We considered the possibility that a new start might be made in a meeting amongst the three powers, the United States, the United Kingdom and Canada, which signed the original atomic energy declaration, and that the USSR and the French might subsequently be asked to join these talks. Since they would be informal and exploratory, and outside the framework of the machinery which had come to a standstill over the question of Chinese representation, it was possible that the USSR would agree to attend. When we raised the question whether any new element might be introduced into the atomic energy discussions in talks of this nature, we were given a very tentative indication that some members of the State Department at least might be prepared to accept something much less far-reaching than the majority plan. Rusk seemed to think that the point might soon be reached at which the deterrent effect of the atomic bomb upon the Russians would be offset by the damage the Russians could do with even a limited stockpile. In these circumstances a generally accepted prohibition against the use of atomic weapons, even if enforced by nothing more effective than the existence of retaliatory power on both sides, might have some advantage. We did not, of course, pursue this question in detail, but I was interested to find that the misgivings which have been felt concerning the insistence of the Western powers that the full majority plan for the control of atomic energy be adopted without qualification, even though it is certain that the USSR will not accept this plan, are shared by some senior officials in the State Department.

15. In general I felt a good deal of sympathy for the position of the State Department in the matter of renewed negotiations with the USSR. They are greatly harassed by irresponsible attacks on both sides from their own public. They are also being subjected to considerable pressure by people outside the United States (in the Secretariat of the United Nations, for example) to close the gap between themselves and the USSR simply by unilateral concessions. They do not see why they should be expected to give in before the intransigence of the Russians or why they should be forced to make concessions which could not be justified on their merits. While I understood their attitude in this regard, I could not, at the same time, help being disappointed that they seemed to have given up for the moment at least any attempt to consider their relations with the Russians on a broad front, and to search for some means by which a measure of confidence could be restored in world affairs. I was interested, in this connection, to find that contact with the Russians

had not been entirely lost at Lake Success. Malik, the Soviet Delegate, attends social functions and even accepted invitations to dinners for Security Council members at which Tsiang was also present. He had also attended a small dinner given by Cordier, to which two senior members of the United States delegation, Gross and Ross, were also invited. Gross said there had been a lengthy and not unfriendly exchange of views at this dinner, but that no new ground had been broken.

16. We concluded our discussions by considering the agenda for the next session of the General Assembly. Jessup and his colleagues seem to think that two sets of plans should be made, taking into account either the presence or the absence of the USSR delegation. They did not think, however, that the agenda would be much affected by these circumstances, and in any case seemed to expect that the question of Chinese representation would be cleared up either before the Assembly met or immediately after it met. We agreed that the occasion might be suitable for a five-year review of the United Nations and its organizations, particularly since the Secretary-General's contract will expire, and there may be a general reorganization amongst the Assistant Secretaries-General. It was considered also that there was no alternative other than to reappoint Lie to the position of Secretary-General and it was thought that he would accept. We discussed also the question of membership in the United Nations and I suggested that we might now consider the possibility of admitting virtually all applicants on both sides, even though this might result in our accepting some fellow members whom we did not regard with much favour.

17. At the end of our discussions, Rusk remarked that the informal talks between ourselves, the United States and the United Kingdom which in previous years have taken place immediately prior to the Assembly, had proved useful. He suggested that these talks should be held again this year, and thought that they might be called at as early a date as June, in order that plans might be worked out more effectively. He also thought that consultation during the summer amongst a group including other countries might be desirable.

18. I took the opportunity of my presence in New York to ask Mr. Andrew Cordier, Executive Assistant to the Secretary-General of the United Nations, and Mr. Ralph Bunche, Director in the Division of Trusteeship, to have lunch with me on Monday, April 3. Mr. Riddell and Mr. Holmes were also present on this occasion.

19. The principal subject discussed was the critical situation in the United Nations created by the problem of Chinese representation. It was clear that the Secretariat was concerned over the present crisis and anxious to explore every possibility of finding a solution. Neither Cordier nor Bunche, however, seemed to have in mind any solution in which they had confidence. They obviously hoped that a sufficient number of countries would recognize Peiping in order to alter the balance in the Security Council and the Assembly. They were far from optimistic, however, that there would be any important change in this respect before the Assembly met. They were not particularly hopeful even of decisive action by the Assembly. They pointed out that many countries were waiting for a lead from the United States, but that the United States government showed little sign of changing its policy. Cordier thought that the State Department might be prepared to see the question of the rec-

ognition and representation of China prolonged for a year or even eighteen months. He did not think, however, that the Soviet Union wished to use the Chinese problem as a pretext for withdrawal from the United Nations. He said that Malik had categorically told him, with apparent sincerity, that his country wanted to renew its participation in the United Nations.

20. Cordier touched briefly on some of the current suggestions for ending the deadlock. He referred in particular to the proposals for questioning the credentials of both Chinese representatives, but he did not seem to have much faith in this way out. With particular reference to a suggestion that the Security Council might decide to examine the credentials of all its members, he thought that this procedure could be used much more naturally in the Assembly, where the examination of credentials was a routine matter. He recognized, however, that the Assembly would probably be unable to secure a significant majority for any course of action since there would undoubtedly be many abstentions both on a proposal to reject the credentials of the Nationalist representatives and on a proposal to accept those of the Communists.

21. According to Cordier, Malik had stated quite firmly that a Soviet representative would not sit in a United Nations body on which China was not represented at all. The Soviet Government had insisted that it was iniquitous for the United Nations to proceed with its business unless the 450 million people of China were properly represented. The USSR would not, therefore, be satisfied simply with the exclusion of the representative of Nationalist China and Cordier did not think that Tsiang, who had committed himself personally to the Nationalist cause, could be persuaded to withdraw voluntarily from the struggle. Cordier was very much interested in the suggestions that the deadlock might be broken to some extent by reviving informal discussions on atomic energy outside the Security Council or the Atomic Energy Commission. He seemed to be particularly interested in the possibilities of discussions among the United States, the U.K. and Canada, in the calling of which Canada would take the initiative.

22. An interesting aspect of the discussion was that Cordier and Bunche, both of whom are United States citizens, were critical of United States policy at present vis-à-vis the Soviet Union, China and the United Nations. Their chief complaint was that it was too inflexible. They of course strongly favoured United States recognition of Peiping, and they made ironical references to the present State Department efforts to justify non-recognition because of the possibility that the new regime might prove ineffective in South China. They recognized that the State Department would be quite happy to find some formula by which the representatives of Peiping could be admitted to the United Nations and the deadlock ended without United States recognition of the Communists. They realized, however, that the United States Government was being seriously limited in developing its policy by the attacks which had been made from so many quarters on the State Department.

23. Bunche, who had just returned from Geneva, had some interesting comments on the discussions of a statute for Jerusalem in the Trusteeship Council. He said that Roger Garreau, the President of the Council, had put forward a compromise

proposal immediately after the Council opened, instead of waiting for discussion to take place. As a result, his compromise had failed, and Garreau had lost interest in the subsequent proceedings. Jamali, the Iraqui delegate, had then taken control of the Council and had been able to secure his own way up to the point of attempting to have the new statute put into effect at once. The Council had refused to agree to this proposal and it had now been agreed that the redraft of the statute would be presented to Israel and Jordan for their consideration. The advantage of this procedure was that although Israel and Jordan were certain to reject it, they would have an opportunity to put forward alternatives. Instead, therefore, of having to face the Assembly with a record of complete frustration, the Council might be able to propose that the alternative suggestions of the two occupying states could form a basis for further consideration. One interesting point that Bunche made in passing was that proposals for the internationalization of Jerusalem were as embarrassing to Jordan as to Israel, since the lines of communication between Jordan and the Arab part of Palestine lay through the city. If Abdullah[12] were forced to withdraw entirely from Jerusalem, his whole position in Palestine might become untenable. Bunche also said that on the eve of the vote on the statute he had discovered that [Francis B.] Sayre, the U.S. representative, had received instructions from Washington to vote for the statute but to explain that the United States was not in favour of its being put into effect. These instructions, he said, were accompanied by a subtle legal explanation, which would not be very widely comprehended or accepted. Fortunately the instructions had been changed at the last moment, and the United States voted against the draft statute. Bunche said that he had seen Hickerson on his return and the latter had explained that he was away from the State Department when the original instructions were sent out.

24. Cordier and Bunche made a few discreet references to the future of the Secretary-General and his office. It was clear from what they said that Mr. Lie could be counted upon to reconsider his intention of retiring. Bunche thought that Mr. Lie would accept either a two, or three, or five-year renewal of his contract, as seemed most convenient. Cordier stated categorically that the Assembly, without reference to the Security Council, could prolong Lie's term if it wished. The Security Council had nominated Lie, but it was the Assembly that had fixed his term. Cordier and Bunche agreed that under present circumstances there was no alternative to the reappointment of Lie, as it was inconceivable that any suitable compromise candidate could be found. There was some discussion also about the reappointment of the Assistant Secretaries-General. Although Cordier was tactful on this subject, it was clear that he thought that the various Directors were on the whole of considerably higher calibre than the Assistant Secretaries-General and that some changes would be desirable. The contracts of all Assistant Secretaries-General would terminate with Lie's, he said, and there would be a chance for reorganization. Cordier also mentioned that Laugier[13] definitely wished to return to France.

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[12] Le roi Abdullah Ibn Hussein (1882-1951) de Jordanie.
King Abdullah Ibn Hussein (1882-1951) of Jordan.

[13] Henri Laugier, secrétaire général adjoint chargé des affaires sociales.
Henri Laugier, Assistant Secretary-General in charge of Social Affairs.

25. Cordier said that within approximately ten months there should be available in the Manhattan headquarters a chamber for the Security Council and several other conference chambers. It should be possible, therefore, to hold all meetings except the Assembly in Manhattan from that time on. He thought that there might be some merit in holding the 1951 Assembly away from Headquarters, so that the building at Flushing could be given up after the 1950 meeting. He was interested in a suggestion that the 1951 Assembly might be held in Asia, perhaps in New Delhi, or, alternatively, that the Assembly might return to San Francisco for the fifth anniversary of the United Nations. A European or South American city, however, seemed a more likely choice.

[L.B. PEARSON]

230. C.E.W./Vol. 2733

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador In United States
to Secretary of State for External Affairs

SECRET Washington, April 15, 1950

Dear Mr. Pearson:

I went to see Mr. Hickerson yesterday in order to find out whether there had been any developments since our talks in New York with respect to the questions concerning the United Nations which we discussed with Messrs. Jessup, Rusk, and Gross.

I began by asking him particularly about the atomic discussions with the Russians. He said that consideration had been given in the State Department to the idea of the U.S., U.K., and Canada as the three original sponsors of the Assembly Resolution of 1946 undertaking a new initiative. The idea, however, has been rejected on the ground that we really have nothing new to say; it would only be worth consideration if the three governments could agree on something amounting to a fresh start in the search for international control of atomic energy. While the majority plan of the U.N. A.E.C. can doubtless be perfected in a number of ways, nevertheless the changes and additions in it which the three governments might be prepared to make would be comparatively speaking matters of detail and would not touch the central areas of disagreement with the Russians.

Mr. Hickerson also had nothing new to say about the possibility of the resumption of talks between the permanent members of the U.N. A.E.C. without Chinese participation. The general impression inside the State Department seems to be that, from the point of view of propaganda, a proposal of this nature would give the Russians a greater advantage than the other countries could extract from it. He thinks that the Russians still do not understand some of the essential elements of the majority plan, and he remarked that he is one of the few concerned with the matter in Washington who believes that they could accept it if they understood it

properly without affecting any of the essential elements of their system and raising the Iron Curtain to what, from their point of view, would be a dangerous degree.

I then discussed with him the question of Chinese representation and the Russian walk-out. Here, too, there have been no developments, and he agreed that it now looks as though the settlement of the Chinese issue was further away than ever. He suggests that the Russians may be themselves disturbed by the prolongation of this issue. When they walked out in January, they probably knew that five members of the Security Council had recognized or were about to recognize the Chinese Communists and they expected the requisite seven votes to be reached in a very short period. He is quite convinced that the Russians do not want to leave the United Nations, but having taken this position, they cannot very well go back on it.

If this is the case, one thing that is puzzling is the lack of eagerness on the part of the Peiping regime to establish direct diplomatic relations with the countries which have recognized it. The way out for the Russians would be to influence the people in Peiping to get on with the job of exchanging diplomatic missions with the U.K., India, and the others and to treat with strict correctness the missions opened in Peiping. Possibly if the Russians really want to get back into U.N. bodies, there may be a change of attitude in China.

Mr. Hickerson said that they were working very hard in the State Department on plans for the next Assembly, but they were not yet ready to enter into discussions with us and other countries. He thought that their plans would become sufficiently firm probably only after the return of Mr. Acheson from the London meetings. He considers it distinctly possible that the Russian walk-out will still be in effect when the Assembly meets. This possibility would mean the development of alternative tactics on some points. Our conversation naturally led to a discussion of the general question of some new initiative in the deadlock with the Russians. He expressed the same view as Mr. Rusk — that domestic pressures for a bold move had abated markedly in the last month, and he ascribed this in large part to the effect of Mr. Acheson's speech at Berkeley. Certainly the spate of proposals which appeared in February and March have fallen off and little attention is being paid to ideas of this sort in Congress and in the press. I remarked to him that this might well be true in the United States, but that domestic pressures seemed to me to be strong in some other countries, notably in Western Europe.

This is a negative report, just as our talks in New York were on the whole negative. I am sending a copy of this letter to Mr. Heeney for his information.

Yours sincerely,

H.H. WRONG

231. C.E.W./Vol.2733

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

SECRET Ottawa, April 22, 1950

Dear Mr. Wrong,

I am grateful for your informative letter of April 15 in which you gave me an account of your talks with Mr. Hickerson on the subjects which we discussed in New York. I am of course disappointed that the results of your enquiry were so negative, particularly in regard to the suggestion which originated with Jessup that the three original sponsoring powers might have a new look at the question of their policy on atomic energy. If, as Hickerson suggested, we are absolutely certain that we really have nothing new to say, then I do not suppose that there would be much point in the discussions which Jessup suggested. It was the hope — however illusory — that something in the way of a fresh start might come out of such consultations, that led us to believe the suggestion merited more careful consideration.

Yours sincerely,

L.B. PEARSON

2e PARTIE/PART 2

COMMISSION INTÉRIMAIRE DE LA QUATRIÈME ASSEMBLÉE GÉNÉRALE
INTERIM COMMITTEE OF THE FOURTH GENERAL ASSEMBLY

232. DEA/5475-CP-40

Le délégué permanent par intérim auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations
to Secretary of State for External Affairs

DESPATCH 260 New York, June 8, 1950

CONFIDENTIAL

Sir,

I have the honour to refer to the work of the Interim Committee of the United Nations Assembly. From informal discussions we have had here, it seems probable that the Interim Committee will be resuming its work about 20 June, and that it may be quite busy throughout the rest of June and July. As you know, the full

Interim Committee has not, for various reasons, held a meeting since 7 February, and the Committee is still required to take action on the following four items:

(a) Chinese charges against the Soviet Union;

(b) procedures for delimiting the boundaries of the former Italian Colonies;

(c) the question of the disposal of Eritrea;

(d) the report of the Sub-Committee on International Co-operation in the Political Field.

My impression of the situation regarding each of these four items is as follows.

CHINESE CHARGES

2. As indicated in my teletype no. 348,† there is a general reluctance on the part of the members of the Interim Committee to consider Dr. Tsiang's charges. Nevertheless, the Interim Committee is required, under the terms of the General Assembly's resolution of 8 December 1949, to report back to the Assembly on these charges "*with recommendations*". My understanding is that Dr. Tsiang is not pressing for a meeting at the present time. However, a meeting of the Committee will obviously have to take place on this subject before long, and it is not unlikely that the Chairman (Muniz of Brazil) will call a meeting on China in late June. The question will then arise as to whether a sub-committee should be formed to consider Dr. Tsiang's draft resolution and to prepare a draft report to the General Assembly. We have already informed several other Delegations that we are not convinced of the value of having such a sub-committee, and that, if one is formed, Canada would not wish to be a member of it. In the absence of such a sub-committee, however, there is the possibility of a general debate developing in the Interim Committee which might encourage Dr. Tsiang to take an adamant position on his draft resolution. I have already given you my opinion that there is a strong likelihood that most Delegations will abstain on Tsiang's resolution and that, while few Delegations will vote in favour of it, only a few will vote against it. Unless, therefore, some generally acceptable alternative resolution is drafted, it is quite possible that Dr. Tsiang's resolution will be adopted by the Interim Committee. This, I think, is the only thing to be said in favour of forming a sub-committee on this item. I understand that the Americans are working on a draft resolution which would seem to be calculated to exploit to the full this opportunity to score against the Soviet Union. The resolution would, of course, avoid the questions of recognition and assistance, and would concentrate on Soviet misbehaviour. It would not only concentrate on earlier violations of the Sino-Soviet Treaty, but would refer to present developments in Manchuria and the military assistance being given to the Communist Government. One thing which worries the United Kingdom Delegation is whether they still legally recognize the validity of the treaty between the Soviet Union and the Nationalist Government, in view of their recognition of Peking. It seems to me that the recent Moscow-Peking Treaty contained some kind of deliberate indication that the present treaty superseded the previous treaty, but we do not seem to have a copy of the Moscow-Peking Treaty and I have not had time to check it in a local library. If it is true that countries which have recognized Peking do not consider the previous treaty as having any validity, then it would be difficult for the

United Kingdom, the Netherlands, India, and other such countries to support a United States resolution which made much of current violations.

BOUNDARIES OF FORMER ITALIAN COLONIES

3. The Interim Committee's jurisdiction in this subject is obviously a very limited one. There certainly is no suggestion that the Interim Committee should attempt to demarcate boundaries still in dispute, or make substantive recommendations for boundary adjustment to the General Assembly. The only functions within the Interim Committee's jurisdiction are to study the *procedure* which might be adopted for delimiting boundaries in dispute, and to make recommendations regarding such procedure to the next session of the Assembly. Therefore, it is quite possible that all the Interim Committee will do on this item is to make a general recommendation calling on the parties concerned, including the administering powers, to settle their outstanding boundary disputes through the agency of mixed boundary commissions. On this subject it might be useful to have a small sub-committee which could meet once or twice and propose some recommendation of this nature to the full Interim Committee. In view of our strong reluctance to serve on a sub-committee dealing with the Chinese question, it might be tactically desirable for us to let it be known that we are prepared to serve on a sub-committee dealing with this item if one is established.

4. The principal question involved here is, of course, finding some means of bringing Italy and Ethiopia together. The principal boundary at issue is that between Ethiopia and Italian Somaliland. I believe that the question had not been brought before the Committee earlier because there was some hope that the Italians and the Ethiopians would reach some agreement. According to the United Kingdom Delegation, however, this situation is not promising. As for the borders of Eritrea, there does not seem to be much point in making any special provisions until it is known whether that country is to be in whole or in part absorbed into Ethiopia. There is also, I think, some question of the border between the Fezzan and the neighbouring French territories. There would not seem to be much value in recommending that the French talk to themselves on this subject, and a settlement might be postponed until some kind of Libyan Government has emerged. When I was discussing this subject with Mr. Laskey of the United Kingdom Delegation the other day, he indicated that these borders would be a matter for direct negotiation among the Ethiopians, the Italians and the British, except, of course, for the Fezzan. I expressed some doubt as to whether the Assembly would recognize the right of Italy to act for Italian Somaliland, in view of the temporary and limited authority of Italy in that country. With the usual Foreign Office approach to such questions, Mr. Laskey said that discussions among the authorities in control were perfectly legal and proper, and surely there could be no objection. He seemed quite satisfied that the Italians would represent the best interest of the Somalis. I said that I did not see any objection to this kind of negotiation, but it seemed to me entirely likely that the Assembly would insist on the presence either of a third party or somebody representing United Nations interests in the Italian Colonies. If this were the case, and I agreed that it would be, as they say in the Foreign Office, "tiresome", would it not be better for some provision to be made that the decisions reached would be subject

to confirmation by the Assembly? This would be one means of forestalling proposals for involving the United Nations in the actual negotiations. Mr. Laskey said that there had been suggestions that representatives of the inhabitants should be involved in the border negotiations, but he thought it would be hopeless trying to reach an agreement if the negotiators were to be plagued by, for instance, the Somali Youth League. He agreed, however, that some concession might be advisable, and thought that they could perhaps *inform* the Assembly of their decisions. This, he thought, would be better than submitting it to the Assembly for decision.

DISPOSAL OF ERITREA

5. Unlike the question dealing with the boundaries of the former Italian Colonies, the Interim Committee's function in the question of Eritrea is very substantial. Under the terms of the Assembly's resolution, the Commission for Eritrea (composed of representatives of Burma, Guatemala, Norway, Pakistan, and South Africa) is required to report back to the Secretary-General by not later than 15 June 1950. The Interim Committee is charged with considering this report and making its own report, "*with conclusions*", to the next session of the Assembly. I understand that the Eritrean Commission is badly split on the question of what recommendations it should make concerning the future of this territory. It does not seem likely that the Commission's report will reach the Secretary-General until shortly after 15 June. The indications appear to be that, in view of the time required for reproducing and circulating the report and a large number of documents, it is unlikely that this item will come before the Interim Committee until the first part of July. In view of the controversial nature of this subject and the probability that there will be no clear-cut recommendation emerging from the Commission, it is quite likely that a full-scale debate on the disposal of Eritrea will take place in the Interim Committee. It is also quite possible that a sub-committee will be formed on this subject, and we may be asked to serve on it. As soon as the report has been received from the Commission, I shall, of course, immediately send you a copy.

SUB-COMMITTEE ON INTERNATIONAL CO-OPERATION

6. We have been told informally that it is unlikely that the report of this Sub-Committee will be available for consideration by the Interim Committee until near the end of June. The Sub-Committee has divided itself into three Working Groups, each of which is charged with considering certain paragraphs of Section B of Part II ("Settlement of Disputes and Special Political Problems by the General Assembly") of the Report submitted by the Interim Committee to the Fourth Session of the Assembly (A/966). (The work program of this Sub-Committee is contained in document A/AC.18/SC.9/1.2 of 3 February 1950.) My understanding is that the work of each of these Working Groups had been largely of a factual nature, i.e., reviewing the action already taken by the General Assembly in situations and disputes which have come before it in the past. It is quite possible, however, that the Sub-Committee may recommend certain conclusions for future action by the Assembly, although the nature of these recommendations has not yet been decided. The present indications are that each of the Working Groups will complete its work during the course of the next week, and it is expected that a draft report will then be circulated to all members of the Sub-Committee with a view to having a meeting of

the full Sub-Committee on about 22 June. Therefore, it is not likely that the Sub-Committee will be ready to report to the Interim Committee much before the end of this month. Meanwhile, I hope to obtain more information during the course of the next week on the progress of work in the Sub-Committee.

7. From the above, it will be apparent that the last week of June and all of July will be an active period so far as the Interim Committee is concerned. It is also probable that this will be the period in which the Trusteeship Council will be reaching decisions which will be of importance to us in determining our position in the Fourth Committee of the next Assembly. Finally, it is quite possible that, during this period, the Security Council will be taking up again the question of the admission of new members. I believe I should draw your attention to the fact that during this period we will have only two officers in this Delegation, as Mr. Grande will be on leave until 15 July, and Mr. Carter from 15 July to mid-August. It may therefore be necessary for me to request additional help if Canada is required to serve on any of the sub-committees which may be established by the Interim Committee.

I have, etc.

JOHN W. HOLMES

233. DEA/5475-CP-40

Le délégué permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations to Secretary of State for External Affairs

TELEGRAM 445 New York, July 6, 1950

CONFIDENTIAL

Reference my teletypes Nos. 394† and 397† of 22nd June, meeting of Interim Committee on Monday, 10th July at 2:30 p.m.

1. Despite the events of the past week I have heard nothing to indicate that the meeting of the Interim Committee on 10th July will be postponed. On the contrary the information available is that it will go ahead as planned. I hope, therefore, that you will be in a position to send me instructions regarding the report of the Sub-Committee on International Cooperation in the political field (my despatch No. 301 of 26th June†) in time for this meeting. This is the first item of substance on the agenda of the Committee. (Prior to consideration of this report the Committee will be required to elect a new Vice-Chairman to succeed Colonel Rahim of Pakistan, but I have not so far heard the names of any candidates for this position.)

2. After consideration of the report of the Sub-Committee on International Cooperation, the Interim Committee will take up the report of the United Nations Commission for Eritrea. I forwarded a copy of this report to you under cover of my despatch No. 312 of 29th June.† You will have noted that the Eritrean Commission of five members recommended three different solutions for Eritrea and that only two of the members were able to agree on any one of these solutions. The discus-

sion of this item in the Interim Committee will, therefore, probably be both lengthy and contentious. I would appreciate your comments on each of the three solutions proposed in this report and your instructions as to what position I should take in the Committee. Under the Assembly's resolution of 21 November, 1949, the Interim Committee is required to consider this report of the Eritrean Commission and to "report *with conclusions*" to the Fifth Session of the Assembly.

3. I would also appreciate any additional comments or instructions you may wish to give me regarding the item concerning the procedures for delimiting the boundaries of the former Italian Colonies. As to the item concerning Chinese Nationalist charges against the Soviet Union, I do not know whether it is the intention of Dr. Tsiang to press these charges again at the present time, in view of the events of past ten days. This item has not at present been included on the agenda of the Interim Committee for 10th July. If, however, it is placed on the agenda again at the instance of Tsiang, I shall immediately inform you.

234. DEA/5475-CP-40

Le secrétaire d'État aux Affaires extérieures
au délégué permanent par intérim auprès des Nations Unies

Secretary of State for External Affairs
to Acting Permanent Delegate to United Nations

TELEGRAM 334 Ottawa, July 8, 1950

CONFIDENTIAL. IMPORTANT.

Following for Holmes from LePan. Your telegram No. 445 of July 7 [sic] and previous correspondence concerning the Interim Committee.
The following comments are intended for your guidance at the forthcoming meeting of the Interim Committee on July 10.

1. *Election of Vice-Chairman.* As we have no indication of the candidates who are likely to contest this office, we leave it to your discretion to support the one who appears most suitable.

2. *Report of the Sub-Committee on International Co-operation in the Political Field.* In our view it would be advisable to postpone consideration of this report until a more auspicious occasion. A debate on this subject would sound hollow under present circumstances. In particular, any general discussion of the competence of the General Assembly would, in our opinion, be likely to do more harm than good at this time. If there is no support for postponement, we should prefer that the report be adopted without debate. If, however, the majority in the Committee favours a full discussion, you could support the adoption of the report. If a debate develops on the subject "Limits Upon the Competence of the Assembly" you should, if necessary, maintain the attitude expressed by General McNaughton

in his statement before the First Committee at the second part of the third session of the Assembly.[14]

3. *Report of the Commission on Eritrea.* Our consideration of the Eritrean question has not reached the point where we can send you detailed comments as to the position you should adopt on the three alternative solutions proposed by the Commission. Furthermore, in view of the fact that the Interim Committee has been asked to report with its conclusions to the Assembly, Ministerial approval of the Canadian attitude will be necessary before we can authorize you to make any policy statement on this item. As we are not in a position at the moment to submit recommendations to the Minister it will be in order for you to support any motion to postpone detailed debate on the Commission's report until member governments have had further opportunity to study it.

4. *Study of the Procedure to Delimit the Boundaries of the Former Italian Colonies*

a) *Libya.* We should prefer that nothing be done about the Libyan boundaries until Libya has become an independent state. You might therefore support any proposal to defer a decision on this item until the United Nations Commissioner for Libya expresses the opinion that the time is ripe to consider it.

It is to be hoped that the French will not refer to the votes of the inhabitants of Ghadames and Ghat last spring in favour of incorporation in Tunisia and Algeria, respectively, in preference to being included in an independent Libyan state. If this issue is raised you might make a brief intervention, if necessary, drawing attention to our attitude as stated in the above paragraph.

b) *Eritrea.* We take the view that nothing should be done about Eritrean boundaries until a decision has been reached by the General Assembly on the disposal of the territory.

c) *Somaliland.* We should not wish you to take the initiative in offering suggestions for a procedure to establish the boundary between Ethiopia and Italian Somaliland, particularly since the United Kingdom has a more immediate interest in the area. We should like to be informed of any proposals that the United Kingdom and Ethiopia may make and of any suggestions that may be offered by states speaking in the interest of Italy. We should be prepared to support any reasonable proposal for a boundary commission on which Italy, Ethiopia and the United Nations Advisory Council for Italian Somaliland might be represented.

[14] Voir/See Canada, Department of External Affairs, *Statements and Speeches*, 1948, No. 52.

235. DEA/5475-CP-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa, July 11, 1950]

ERITREA

The United Nations Commission for Eritrea submitted the report of its findings to the Secretary-General of the United Nations on June 8. From the report it would appear that the five members of the Commission were unable to agree on any one solution for the future of the territory of Eritrea. Instead the following three proposals have been submitted for consideration by the Interim Committee which convened in New York on July 10:

(a) The proposal sponsored by Burma and the Union of South Africa recommends that Eritrea be constituted at once as a self-governing unit federated with Ethiopia under the sovereignty of the Emperor of Ethiopia. Under this proposal Eritrea would enjoy local legislative and executive autonomy, while jurisdiction over defence, external affairs and fiscal matters would be exercised by the federal government.

(b) The Norwegian proposal recommends the outright incorporation of Eritrea in Ethiopia. If this is not immediately acceptable, it provides for the similar incorporation of the south-eastern part of Eritrea in Ethiopia and for the provisional exemption of the Western Province from union for such a period as may be required to give its predominantly Muslim inhabitants the opportunity of deciding if they wish to join the Eritrean-Ethiopian union or the neighbouring Sudan.

(c) The representatives of Guatemala and Pakistan advocate complete independence for Eritrea after a period of direct United Nations trusteeship for a maximum of ten years.

2. In May 1949 the Political Committee of the General Assembly adopted by a vote of 34-16-7 a draft resolution calling for the incorporation of the south-eastern half of Eritrea in Ethiopia. Canada was among those supporting this draft resolution. Although the comprehensive plan for the disposal of the former Italian colonies (the so-called Bevin-Sforza plan) was subsequently set aside in the plenary session of the General Assembly, this rejection was prompted by opposition to resumption of Italian control over Tripolitania and Italian Somaliland. There appears to have been no basic objection to the plan insofar as it applied to Eritrea. Any change in the Canadian position on the Eritrean question at this point would, therefore, have to be justified in the light of new evidence brought forward in the report of the United Nations Commission for Eritrea.

3. At the Fourth Session of the General Assembly the Canadian Delegation took the position that the Assembly did not possess sufficient information to arrive at a definitive decision on the disposal of Eritrea. Canada therefore voted in favour of

the proposal to establish a Commission "to ascertain more fully the wishes and the best means of promoting the welfare of the inhabitants of Eritrea."

4. The evidence now submitted by the Commission suggests that the proposal to grant Eritrea full independence is impracticable and does not enjoy the support of any significant segment of the Eritrean people. The following factors as presented in the Report would seem to point to some form of closer association between Eritrea and Ethiopia:

(a) Eritrea alone would not be economically viable. It depends on the farming resources of the rich Ethiopian hinterland as well as on Ethiopia's transit trade.

(b) The overall security of this portion of East Africa can only be assured by the unification of the economic and defensive resources of both territories in the hands of one government.

(c) Consideration must be given to the legitimate aspirations of Ethiopia for access to the sea, both on economic and security grounds, and for the reintegration of the Eritrean people, many of whom have the most intimate bonds with the people of northern Ethiopia.

(d) The Muslim League of the Western Province having withdrawn its support from the Independence Bloc, the protagonists of an independent Eritrean State are now in a minority. On the other hand, the overwhelming mass of Christian Copts and sizeable numbers of Muslims in the highlands and the Red Sea Division favour reunion with Ethiopia.

5. In the light of these considerations I should suggest that our Acting Permanent Delegate to the United Nations be instructed to oppose the joint Guatemalan-Pakistani proposal in the Interim Committee.[15]

6. Pending a fuller study of the report of the United Nations Commission for Eritrea I think that our Acting Permanent Delegate might be asked to reserve his position on the other two proposals, though our preliminary reaction would be to favour the Norwegian solution, which takes into account the feeling in favour of partition which may exist among Muslims in the Western Province.[16]

A.D.P. H[EENEY]

[15] Note marginale:/Marginal Note:
I agree L.B. P[earson]

[16] Note marginale:/Marginal Note:
Yes L.B. P[earson]

236. DEA/5475-CP-40

Note de la Direction européenne
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from European Division
to Under-Secretary of State for External Affairs

SECRET Ottawa, July 12, 1950

ERITREA

I attach for your signature, if you agree, a further memorandum† for the Minister on the question of the disposal of Eritrea, discussion of which is scheduled to begin in the Interim Committee this afternoon.

2. The Minister has now approved the suggestion, contained in our previous memorandum, that Mr. Holmes be instructed to oppose from the outset the Guatemalan-Pakistani proposal to grant independence to Eritrea after a period of direct United Nations trusteeship. As to the South African-Burmese and Norwegian proposals, which recommend Eritrean federation with Ethiopia in the one case and outright reunion in the other, the Minister agreed that our Acting Permanent Delegate should reserve his position in the initial stages of the debate, though our preliminary thinking inclined toward the Norwegian solution.

3. You will note from the attached telegrams† from our Acting Permanent Delegate that there would now appear to be little likelihood of securing general acceptance for the Norwegian proposal. For tactical reasons, it will be initially supported by the United Kingdom and the United States delegations, but both delegations are convinced that they will have to swing in line behind the South African proposal for federation as the only feasible compromise solution. The United Kingdom, moreover, would be reluctant to prolong its administration of the Western Province of Eritrea for which the Norwegian proposal provided in the event that Muslim opposition should prove sufficiently strong to make the immediate inclusion of the Western Province in a union with Ethiopia inadvisable.

We have, therefore, come to the conclusion that the South African proposal has a reasonable chance of eventual adoption and that it might be advisable for a few of the more responsible delegations, including our own, to form an initial nucleus of support for this proposal.[17] This will afford the United Kingdom, the United States, and other delegations the opportunity of switching their support to the federation compromise at a suitable juncture in the discussions.[18]

R.A.D. FORD

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[17] Note marginale:/Marginal Note:
Minister agrees Holmes may be instructed to take an initiative in favour of S[outh] A[frican] proposal but he should not say too much A.D.P. H[eeney] Jul 13

[18] Note marginale:/Marginal Note:
I concur, D.V. LePan, 13 July '50

237. DEA/50180-40

Le délégué permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations to Secretary of State for External Affairs

TELEGRAM 473 New York, July 15, 1950

CONFIDENTIAL

ERITREA

1. The Interim Committee on Friday afternoon, 14th July, began with a lengthy but reasonable statement of the Ethiopian position. Berendsen of New Zealand then made an effective plea for open-mindedness and a spirit of compromise, and showed a preference for the United Kingdom solution. The Italian representative then made a statement in favour of independence. The United Kingdom thought the Italian had to some extent broken the gentleman's agreement with Ethiopia that both of them would take a mild line, but I thought that the Italian seemed moderate enough. He concluded by saying that his Government was willing to listen to other solutions. Noyes of the United States then made a statement in which he seemed to favour the Norwegian view, but in which he finally came down in favour of the Burmese-South African recommendation. I followed with a brief statement in favour of the Burmese-South African proposal (text of which I am sending today by bag),† and the Chairman then adjourned the meeting until July 24th to enable delegations to consult further with their Governments.

2. Jordaan and Stafford were very anxious that I should make a declaration in favour of federation at yesterday's meeting. I expressed some reluctance to do so unless the debate opened up into a general discussion. They persuaded me, however, that a brief Canadian statement in favour of federation would provide an effective conclusion to the day's discussion. We were all unaware that the United States were going to favour federation at this point, and if I had known that they were going to do so I should not have spoken along the same lines immediately following Noyes. From the comments made after the meeting I think, however, that the statement was useful in helping to create a movement in favour of federation.

3. Bokhari will not be back in New York until Monday and the Guatemalan has been silent. I understand that the Pakistanis and the Guatemalans, in spite of their agreement on a solution, are not on speaking terms. According to [Charles] Meade, the United Kingdom's Latin American specialist, the Guatemalan, [Carlos] Bauer, is so unpopular that those who are on his side in the argument have persuaded him not to speak. Meade is hopeful that the Latin Americans who have still not committed themselves will not support independence. At the moment the prospects for federation are promising. Menon of India told me after the meeting that his Government were thinking along the lines which I had outlined. They had not decided their position yet but he reminded me that India had at an earlier stage proposed

federation. Jordaan told me that Iran and Lebanon had indicated agreement with his position and he had had a not unfavourable response from Egypt.

4. Stafford, who is acting as quarterback for all those opposed to independence, thinks the best move when the Committee reassemble would be the submission of a resolution along the lines of the Burmese-South African proposal. The South Africans are the logical sponsors but their sponsorship of any proposal concerning Africa might create unnecessary opposition. The Burmese are unlikely even to vote for a resolution in favour of federation. I suggested to Stafford that the Indians would be effective sponsors if they could be persuaded. His fear of the Indians, however, is that they would wish to draft a whole constitution for the new federation, whereas it is most important to leave the details to be worked out by the parties concerned. He asked me if Canada would propose such a resolution. I said that I thought you would be reluctant to do so in view of our comparative remoteness from Eritrea. I did not rule out, however, the possibility of our joining other countries in sponsoring such a resolution if this would be helpful. I should be grateful your instructions on this matter.

238. DEA/50180-40

Le secrétaire d'État aux Affaires extérieures
au délégué permanent par intérim auprès des Nations Unies

Secretary of State for External Affairs
to Acting Permanent Delegate to United Nations

TELEGRAM 363 Ottawa, July 24, 1950

CONFIDENTIAL. IMMEDIATE.

Your teletype No. 473 of July 15, Eritrea.

We agree that Canada ought not to introduce resolution proposing federation of Eritrea and Ethiopia. If in your judgment, however, Canadian participation with other states in sponsoring a federation resolution would help to secure a majority in the Interim Committee and you are urged to be a co-sponsor, please report to us along with names of other proposed sponsors, and we will give consideration to authorizing you to be a co-sponsor.

239. DEA/50180-40

Le délégué permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations to Secretary of State for External Affairs

TELEGRAM 518 New York, July 25, 1950

CONFIDENTIAL

ERITREA

1. At the meeting of the Interim Committee yesterday afternoon, 24th July, the Italians began by making a point of the recent assassination of an Italian who had been advocating independence. Stafford had previously told me the United Kingdom authorities in Eritrea attributed this assassination directly to the intransigent statement made by the Italian representative in the Interim Committee last week.

2. The Netherlands representative expressed his preference for partition between the Sudan and Ethiopia, but said he would be willing to consider unification on a federal basis if this proposal were supported by a majority. The Australian representative, under instructions from Canberra which he did not much like, was obliged to put in a word for trusteeship for Eritrea under Ethiopia, but he was allowed to indicate that if trusteeship was not acceptable then Australia considered federation to be the best solution. The French representative ruled out independence or trusteeship, but said that he had an open mind on other solutions. The Israeli's statement was not very clear. He began by implying that the subject would have to be considered all over again in the Assembly with spokesmen from Eritrea in attendance, and therefore, that the Interim Committee could not reach a solution. The only solid reason for this view seemed to be that the Interim Committee could not dispose of the subject because its membership was more limited than that of the Assembly. However, Lourie did conclude by indicating that Israel would be happy if a compromise along the lines which had been suggested by some delegations and which would reflect the wishes of the inhabitants could be found.

3. The two spokesmen for independence were much less categorical than expected. The Guatemalan vigorously attacked the United Kingdom proposals and gave an involved discussion of the Eritrean economy which was intended to prove that Eritrea might be self-supporting. However, he ended on a far from positive note and seemed to leave the way open to other solutions. The Argentinian likewise appeared to support independence as a solution, but concluded by indicating that federation would perhaps not be a bad thing.

4. The next meeting will take place tomorrow, July 26th, presumably in the afternoon although time was not stated. Bokhari did not turn up at the meeting although he has returned to this country. His Deputy indicated that he would prefer to put off the Pakistan statement until Wednesday. Only one or two other speakers are on the list for Wednesday, and a suggestion was made that the Chairman should at that time announce the time for the closing of the discussion. There is general realiza-

tion that we can not continue this debate indefinitely and that some positive proposals must be put forward. The reluctance of a majority of delegations to state their views, and the inconclusive nature of the statements yesterday are attributable to the general realization that negotiations of some kind are going on and the widespread hope that a compromise will be put forward which a majority could accept. Almost every speaker yesterday emphasized the necessity of finding a solution without delay.

5. The time does seem ripe for a resolution along the lines of federation. Jordaan told me that he had been instructed to go ahead with a resolution provided he had the co-sponsorship of Burma. The Burmese, however, still have no instructions, and it is unlikely that they will receive any. Jordaan, therefore, has asked his Government if he might sponsor a resolution in association with other countries. He endeavoured to secure the support of Muniz of Brazil. Muniz said that he himself thought that only a middle of the road solution would carry the day. He was worried, however, about the proposals for federation which he had been told (presumably by the Italians) were merely a camouflage for incorporation. Muniz indicated that this argument was being sold to the other Latin Americans and thought that it would be helpful if Jordaan could make it clear that this was not the case. Jordaan had a long talk with the Ethiopians yesterday, who, he said, are not giving much ground. They were prepared to consider only local autonomy for Eritrea as a province of Ethiopia.

6. Noyes, Stafford and Jordaan have all discussed with me the possibility of our taking some initiative in a resolution. I have been encouraging them to round up supporters for a resolution, and told them that if a reasonable resolution is drafted and other respectable countries are prepared to support it, I would recommend to you that we might be a co-sponsor. Noyes is seeing Padilla and Muniz today and hopes to persuade them to join in sponsorship.

7. Although the disposition towards compromise along federal lines is strong and widespread, I fear that we are reaching the difficult stage in which it will be necessary to be specific. A real federation as we understand it is impractical for this primitive country, and would be opposed by the United Kingdom and United States. Autonomy within Ethiopia, Northern Ireland-style, is most likely to appeal to supporters of incorporation and of federation. It is questionable whether this should be called federation, but if we wish to support it we had better continue at least to call it "a solution along federal lines". It is this kind of solution, however, which the supporters of independence can most easily call "camouflaged incorporation". If we are going to sell this solution to the Eritrean minorities as well as to the Latin Americans and Italians the danger is that we shall be drawn into stipulating guarantees and in fact defining the new constitution. When I raised this question of the danger of the United Nations guarantee with Stafford, Noyes and Jordaan, they insisted that we must leave the Eritreans and Ethiopians to work out a constitution themselves. This is all very well, but I don't see how we can win over the supporters of independence, unless we offer the Eritreans guarantees before they begin negotiating with the Ethiopians.

240. DEA/50180-40

Le délégué permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations to Secretary of State for External Affairs

TELEGRAM 530 New York, July 27, 1950

SECRET

ERITREA

1. The principal feature of Wednesday afternoon's session of the Interim Committee was a long statement by Bokhari of Pakistan. It was a clever and effective statement of the case for independence. The arguments were those contained in the Pakistan-Guatemala section of the Commission's report. Bokhari defended the establishment of a trusteeship and an independent regime not necessarily as a final state. He admitted that the people of Eritrea might wish union with Ethiopia but said that the only way to give them a fair chance to decide on their own future was first of all to give them their own Government. This has been virtually the only intransigent statement yet made. Even Saudi Arabia, which along with Yemen yesterday favoured independence for Eritrea, admitted the possibility of some regional arrangement between Eritrea and Ethiopia — by which was presumably meant a loose constitutional association. The Cuban representative also spoke in favour of independence after a period of trusteeship, but like the Argentinian said he was ready to consider any other proposal coming out of the current efforts at conciliation.

2. Statements in favour of the union of Eritrea and Ethiopia were made by representatives of Egypt, China, and Liberia. The Greek made a confused statement which I interpreted as favouring a federal solution.

3. The most encouraging event was the statement by the Bolivian representative. After proclaiming the devotion of all Latin Americans to the principle of independence he said that Latin Americans nevertheless must not call for independence when independence is not viable. If a formula could be found for a federation giving Eritrea the necessary independence under the Ethiopian Crown, he would support a federation as a compromise solution. There were implications in the Bolivian speech that he was speaking for his Latin American colleagues as well. I asked the Chilean representative after the meeting if this was the case. She said that the Bolivian was speaking in accordance with the instructions of his own Government, but she admitted nevertheless his approach to the question was shared by other Latin American countries. She herself would adopt a similar attitude in a statement at the next meeting. She emphasized that the Latin Americans would be prepared to accept a federal solution provided Eritrea has genuine autonomy and the federation was not just a camouflage for incorporation.

4. Those hoping for a solution along federal lines are more optimistic in view of the evidence that the Latin Americans are in a reasonable frame of mind and do not

intend to insist on independence at all costs. Stafford and Noyes told me that Muniz or Padilla [Nervo] would possibly be approaching me to see whether there was a possible common approach on the part of those countries which had spoken in favour of federation. Without closing the door on the possibility of our being co-sponsors of an acceptable resolution, I have resisted suggestions that we should take any initiative. The argument, however, that we do not wish to take an initiative because we are not directly concerned is not very effective in practice, because the endeavour at the moment is to keep in the background all those countries who have direct interest, and to put forward a compromise solution in the names of the remoter countries of Europe and the Americas which are assumed to be objective, and whose sponsorship would not provoke opposition.

5. My immediately following teletype contains the text of a draft resolution which Stafford and Noyes have been showing to a few interested delegations. They have asked me to treat it with great discretion and emphasize that it is still in rough form.

6. Muniz said that the list of speakers in the debate would be closed last evening, and the next meeting on the subject of Eritrea would take place Monday afternoon.

241. DEA/50180-40

Le délégué permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations to Secretary of State for External Affairs

TELEGRAM 531 New York, July 27, 1950

SECRET

ERITREA

Re my immediately preceding teletype No. 530, following is text of draft resolution: Text begins:

The interim Committee,

HAVING CONSIDERED the report of the United Nations Commission for Eritrea,

RECOMMENDS to the General Assembly that it approve the following resolution:

WHEREAS by paragraph 3 of Annex XI to the Treaty of Peace with Italy, 1947, the Powers concerned have agreed to accept the recommendation of the General Assembly on the disposal of the former Italian colonies in Africa and to take appropriate measures for giving effect to it; and

WHEREAS by paragraph 2 of the aforesaid Annex XI such disposal is to be made in the light of the wishes and welfare of the inhabitants and the interests of peace and security, taking into consideration the views of interested Governments;

NOW THEREFORE

THE GENERAL ASSEMBLY, in the light of the report of the United Nations Commission for Eritrea and the recommendations of the Interim Committee, and

TAKING INTO CONSIDERATION

(a) The wishes and welfare of the inhabitants of Eritrea, including the views of the various racial, religious and political groups of the provinces of the territory and the capacity of the people for self-government;

(b) The interests of peace and security in East Africa;

(c) The rights and claims of Ethiopia based on geographical, historical, ethnic or economic reasons, including in particular Ethiopia's legitimate need for adequate access to the sea;

BELIEVING that the disposal of Eritrea should be based on its close political and economic association with Ethiopia; and

DESIRING that this association assure to the inhabitants of Eritrea the fullest respect and safeguards for their institutions, traditions, religions and languages, as well as the widest possible measure of local self-Government, while at the same time assuring to the Empire of Ethiopia the maintenance of its constitution, institutions, traditions, and its international status and identity;

RECOMMENDS THAT:

1. Eritrea and Ethiopia shall be federated under the sovereignty of the Ethiopian Crown.

2. Eritrea shall be self-governing and shall possess local legislative and executive autonomy, and the right of Eritreans to manage their own affairs shall be protected.

3. Full authority shall be vested in the Federal Government with regard to such matters as defence and national security, external affairs, finance and currency, foreign and interstate commerce, and communications. Eritrea shall pay its proportionate share of the expenses of the Federal Government in carrying out the functions set forth above.

4. The area of the federation shall constitute a single area for customs purposes and there shall be no barriers to the free movement of goods and persons within the area.

5. A single nationality shall prevail throughout the federation.

6. No discrimination shall be practiced in Eritrea as regards the religious, personal and civic rights of the indigenous inhabitants. Basic human rights and fundamental freedoms for all inhabitants of Eritrea, including minorities, shall be guaranteed. All property rights shall be fully respected.

7. There shall be a United Nations Commissioner in Eritrea appointed by the General Assembly.

8. The Commissioner shall consult with the Government of Ethiopia, and advise and assist a representative Assembly of Eritreans for the purpose of formulating a constitution giving effect to the provisions of paragraphs 1 through 6 above.

9. The constitution shall go into effect as soon as it shall have been approved by the Commissioner, adopted by the Eritrean Assembly, and ratified by the Govern-

ment of Ethiopia as an annex to its constitution. Every effort shall be made to bring it into effect as soon as possible, and, in any event, before the end of 1951.

10. The present administration shall continue to conduct the current affairs of Eritrea until the constitution is put into effect. During this transition period the administration shall, as rapidly as possible, induct Eritreans into all levels of the administration, form a Representative Assembly of Eritreans, and assist the Eritrean Assembly in formulating its views on the constitution. During the transition period the administration may, on behalf of the Eritreans, negotiate a customs union with Ethiopia to be put into effect as soon as practicable.

11. Arrangements shall be made by the Government of the United Kingdom as the present Administering Authority for the transfer of power to the appropriate authorities. The transfer of power shall take place as soon as the constitution comes into effect in accordance with the provisions of paragraph 9 above.

12. The Commissioner shall reside within Eritrea until the transfer of authority has been completed and shall make appropriate reports to the Secretary-General of the United Nations concerning the discharge of his functions. When the transfer of authority has been completed, he shall so certify to the Secretary-General of the United Nations.

242. DEA/50180-40

Le secrétaire d'État aux Affaires extérieures
au délégué permanent par intérim auprès des Nations Unies

Secretary of State for External Affairs
to Acting Permanent Delegate to United Nations

TELEGRAM 381 Ottawa, July 29, 1950

SECRET. IMMEDIATE

Your teletype No. 531 of July 27. Eritrea.

We have studied the text of the draft resolution on the disposal of Eritrea shown you in confidence by Stafford and Noyes and are inclined to feel that it marks a considerable step forward. Although based on the recommendations of the South African and Burmese members of the Eritrean Commission, the new text differs from the former proposals in certain important respects. The changes should make it easier for us to support the draft resolution, since the new text seems to come somewhat closer to being a genuine proposal for federation. Its sponsors, we believe, should be able honestly to refute any possible charges that they are attempting to facilitate the annexation of Eritrea by Ethiopia under a pretended form of federation.

2. One of the first features which merits special attention is the final clause of the preamble, which assures to Ethiopia the maintenance of its constitution and institutions. This means that association with Eritrea need not upset the important measures of reform in provincial administration which the Emperor has introduced since 1941. One of the objections to the earlier Burmese-South African proposal

was that it might have had the undesirable effect of forcing the Emperor to reorganize the internal administration of Ethiopia to correspond with the plan for two self-governing units, each possessing legislative and executive autonomy, which were to have functioned along with a third, federal authority.

3. In consonance with this clause of the preamble, Article 2 of the proposed resolution is so framed as to suggest that it is not the intention to force Ethiopia to alter the form of its internal administration. The article does not provide, as did the Burmese-South African recommendation, that "each member" of the proposed federation should have "local legislative and executive autonomy", full authority in certain specified matters being vested in the federal government. Instead the new text states merely that Eritrea shall have local legislative and executive autonomy. Ethiopia is not mentioned. By implication, therefore, the form of the Ethiopian government is to be left untouched.

4. It may be easier to visualize the status proposed for Eritrea if the contrast with the actual status of the provinces of Ethiopia is pointed out. In Ethiopia, for the first time in history, the Emperor has recently done away with the autocratic rights of the *rases*, or military chiefs, and has substituted direct control by the central administration under the Ministry of the Interior. Formerly, the *rases* had a free hand in collecting what taxes they pleased and in maintaining personal armies. The welfare of each province thus depended primarily on the character of the individual *ras*. Since 1942, however, governors-general appointed by the Emperor to each of the twelve provinces have been required to conduct public business through the intermediary of officials appointed from Addis Ababa. All salaries of provincial officials are paid out of the national treasury, as are the salaries of mayors of municipalities. Only taxes authorized by the central government may be collected by provincial officials and full reports must be sent to the Emperor's Minister of Finance. Care has been exercised in the choice of provincial representatives of the Ministry of Finance, who are said to be instituting a revolution in traditional methods of tax collection. So far as he can, the Emperor is training up in the provinces a body of administrators in other departments also, who are expected to diffuse through the country a new concept of the functions and responsibilities of government officials. The police force is also organized and trained by the central government. Today, therefore, the Ethiopian provinces no longer enjoy executive autonomy. Neither do they possess any legislative organs. To endow Eritrea with executive and legislative autonomy under the proposed constitution means that the territory will have an identity separate from that of Ethiopia on the basis of which a genuine federal relationship can be established.

5. Passing to Article 3 of the draft resolution, we note that the Burmese-South African proposal for federal control of the whole field of taxation has been discarded. This is obviously to the advantage of Eritrea, since the monopoly of taxation in the whole federal area by the central government at Addis Ababa might have made it possible for Ethiopia to impose its will on Eritrea regardless of the provisions of Article 2. We interpret this to mean that Eritrea would collect in its own territory customs dues, land taxes, property taxes and taxes on special items such as petrol and alcohol, court fees, mining fees and other territorial revenue and that the proportion of revenues it would turn over to the central government at

Addis Ababa would be based on an agreement which would have to be a vital part of the proposal for federation.

6. It seems to us that the proposed draft goes as far as necessary in laying down general principles on which the constitution should be based, and that in the interests of securing a stable settlement further details should be left to the principals to work out themselves. You are therefore authorized to give it your support, although we are still not able to approve your co-sponsoring the Resolution. We should be willing to consider, of course, any suggestions which may be made later for its modification.

7. We are somewhat concerned by your report that the Emperor still insists that Eritrea should have merely the status of an Ethiopian province. We should be interested to know whether Stafford believes the Emperor will abandon this position if a majority in the Interim Committee votes in favour of the draft resolution as it now stands.

8. My next succeeding telegram† contains informal comments on the present administration of Ethiopia which may be of use to you in visualizing the practical effects for Eritrea of its proposed association with the government at Addis Ababa.

243. DEA/50180-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures[19]

Permanent Representative to United Nations to Secretary of State for External Affairs[19]

TELEGRAM 604 New York, August 25, 1950

CONFIDENTIAL. IMPORTANT.

ERITREA

Referring to my immediately preceding teletype†, the following is the text of the draft resolution presented by Muniz at this morning's meeting. Text Begins:

The Interim Committee,

Having considered the report of the United Nations Commission for Eritrea.

Recommends to the General Assembly that it approve the following resolution:

Whereas by paragraph 3 of Annex XI to the Treaty of Peace with Italy, 1947, the Powers concerned have agreed to accept the recommendation of the General

[19] L'appellation délégué permanent a été remplacée par celle de représentant permanent au début du mois d'août 1950 avec l'arrivée de R.G. Riddell aux Nations Unies. L'adresse télégraphique est demeurée « Permdel ».
The Change in designation from Permanent Delegate to Permanent Representative took place in early August 1950 with the arrival of R.G. Riddell at the United Nations. The telegraphic address remained "Permdel".

Assembly on the disposal of the former Italian colonies in Africa and to take appropriate measures for giving effect to it; and

Whereas by paragraph 2 of the aforesaid Annex XI such disposal is to be made in the light of the wishes and welfare of the inhabitants and the interests of peace and security, taking into consideration the views of interested Governments;

Now therefore

The General Assembly, in the light of the report of the United Nations Commission for Eritrea and the recommendations of the Interim Committee, and

Taking into consideration

(a) The wishes and welfare of the inhabitants of Eritrea, including the views of the various racial, religious and political groups of the provinces of the territory and the capacity of the people for self-government;

(b) The interests of peace and security in East Africa;

(c) The rights and claims of Ethiopia based on geographical, historical, ethnic or economic reasons, including in particular Ethiopia's legitimate need for adequate access to the sea;

Taking into account the importance of assuring the continuing collaboration of the foreign communities in the economic development of Eritrea;

Recognizing that the disposal of Eritrea should be based on its close political and economic association with Ethiopia; and

Desiring that this association assure to the inhabitants of Eritrea the fullest respect and safeguards for their institutions, traditions, religions and languages, as well as the widest possible measure of local self-government, while at the same time assuring to the empire of Ethiopia the maintenance of its constitution, institutions, traditions, and its international status and identity;

a. Recommends that:

1. Eritrea shall constitute an autonomous unit federated with Ethiopia under the sovereignty of the Ethiopian Crown.

2. The Eritrean Government shall possess legislative, executive and judicial powers in the field of domestic affairs.

3. The jurisdiction of the Federal Government shall extend to the following matters: defense, foreign affairs, currency and finance, foreign and inter-state commerce and external and inter-state communications including ports. The Federal Government shall have the power to maintain the integrity and internal security and good order of the federation, and shall have the right to levy uniform taxes throughout the federation to meet the expenses of federal functions and services, provided that Eritrea shall bear only its just and equitable share of these expenses. The jurisdiction of the Eritrean Government shall extend to all matters not vested in the Federal Government, including the power to maintain internal police, to levy taxes to meet the expense of domestic functions and services, and to adopt its own budget.

4. The area of the federation shall constitute a single area for customs purposes and there shall be no barriers to the free movement of goods and persons within the

area. Customs duties on goods entering or leaving the federation which have their final destination or origin in Eritrea shall be assigned to Eritrea.

5. An Imperial Federal Council, composed of equal numbers of Ethiopian and Eritrean representatives shall meet at least once a year and shall advise upon the common affairs of the federation referred to in Article 3.

6. A single nationality shall prevail throughout the federation. All inhabitants of Eritrea except persons possessing foreign nationality shall be nationals of the federation. The qualifications for exercising their rights as citizens of Eritrea shall be determined by the constitution and laws of Eritrea. All persons possessing foreign nationality who have resided in Eritrea for ten years prior to the date of the adoption of this resolution shall have the right, without further requirements of residence, to apply for the nationality of the federation in accordance with federal laws. Such persons who do not thus acquire the nationality of the federation shall be permitted to reside in and engage in peaceful and lawful pursuits in Eritrea. The rights and interests of foreign nationals resident in Eritrea shall be guaranteed in accordance with the provisions of Article 7.

7. All residents of Eritrea without distinction of nationality, race, sex, language or religion, shall enjoy human rights and fundamental liberties, including the following:

(a) The right of equality before the law. No discrimination shall be made against foreign enterprises in existence in Eritrea, engaged in industrial, commercial, agricultural, artisan, educational or charitable activities, nor against banking institutions and insurance companies operating in Eritrea.

(b) The right to life, liberty and security of person.

(c) The right to own and dispose of property. No one shall be deprived of property including contractual rights, without due process of law and without payment of just and effective compensation.

(d) The right to freedom of opinion and expression and of adopting and practicing any creed or religion.

(e) The right of education.

(f) The right to freedom of peaceful assembly and association.

(g) The right to inviolability of correspondence and domicile, subject to requirements of the law.

(h) The right to exercise any profession subject to the requirements of the law.

(i) No one shall be subject to arrest or detention without an order of a competent authority, except in case of flagrant and serious violation of the law in force. No one shall be deported except in accordance with the law.

(j) The right to a fair and equitable trial.

(k) Retroactivity of penal law shall be excluded.

The respect for the rights and freedoms of others and the requirements of public order and the general welfare alone will justify any limitations to the above rights.

8. Paragraphs 1 through 7 of this resolution shall constitute the Federal Act.

9. There shall be a transition period not exceeding _____ during which the Eritrean Government will be organized and the Eritrean Constitution prepared and put into effect.

10. There shall be a United Nations Commissioner in Eritrea appointed by the General Assembly.

11. During the transition period, the present administering authority shall continue to conduct the affairs of Eritrea. It shall, in consultation with the United Nations Commissioner, prepare as rapidly as possible the organization of an Eritrean administration, induct Eritreans into all levels of the administration, and make arrangements for and convoke a Representative Assembly of Eritreans chosen by the people. It may, in agreement with the Commissioner negotiate on behalf of the Eritreans a temporary customs union with Ethiopia to be put into effect as soon as practicable.

12. The United Nations Commissioner shall, in consultation with the administering authority, the Government of Ethiopia, and representatives of the people of Eritrea, prepare a draft of the Eritrean constitution to be submitted to the Eritrean Assembly and shall advise and assist the Eritrean Assembly in its consideration of the Constitution. The Constitution of Eritrea shall also be based on the principles of democratic Government, shall be consistent with the provisions of the Federal Act and shall include the guarantees contained in its Article 7.

13. The Federal Act and the Eritrean Constitution shall enter into effect simultaneously following ratification of the Federal Act by the Emperor of Ethiopia and the Eritrean Assembly, and following approval by the Commissioner, adoption by the Eritrean Assembly and ratification by the Emperor of Ethiopia of the Eritrean Constitution.

14. Arrangements shall be made by the Government of the United Kingdom as the administering authority for the transfer of power to the appropriate authorities. The transfer of power shall take place as soon as the constitution comes into effect in accordance with the provisions of paragraph 13 above.

15. The Commissioner shall maintain his headquarters in Eritrea until the transfer of power has been completed, and shall make appropriate reports to the General Assembly of the United Nations concerning the discharge of his functions. The Commissioner may consult with the Interim Committee of the General Assembly with respect to the discharge of his functions in the light of developments and within the terms of the present resolution. When the transfer of authority has been completed, he shall so report to the General Assembly and submit to it the text of the Eritrean constitution.

b. Authorizes the Secretary-General, in accordance with established practice:

1. To arrange for the payment of an appropriate remuneration to the United Nations Commissioner;

2. To assign to the United Nations Commissioner such expert staff and to provide such facilities as the Secretary-General may consider necessary to carry out the terms of the present resolution. Text ends.

244. DEA/50180-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM 486 Ottawa, September 11, 1950

CONFIDENTIAL

Your teletypes No. 604 of August 25, No. 615† of August 29 and No. 621† of September 1, Eritrea.

1. We have analysed the new draft resolution for Eritrea, comparing it clause by clause with the draft circulated in July by Stafford and Noyes. We consider the new draft to be an improvement in several respects. It has introduced new safeguards of the interests of Eritrea, Ethiopia and Italy and has made clearer the functions of the present administration and of the United Nations Commissioner during the transition period so as to facilitate their mutual cooperation.

2. Moreover, instead of attempting to embody in a constitution for Eritrea principles which would govern the federal administration, the new draft makes provision for two separate instruments, (a) a federal act providing guarantees considered essential by the United Nations Assembly, which would be ratified both by the Emperor of Ethiopia and by the Eritrean Assembly, and (b) a constitution for Eritrea, which would be drafted by the United Nations Commissioner in consultation with those directly concerned, adopted by the Eritrean Assembly and ratified by the Emperor. This disposes of a number of legal difficulties.

3. The concessions made to Italy in clause 5 of the preamble and in Articles 6 and 7 provide only normal guarantees of the rights of foreigners and are therefore not objectionable. We miss one feature, however, that is customary in basic laws relating to African territory. Neither clause (a) nor clause (c) of Article 7 makes it mandatory to secure the approval of duly constituted authority before land transfers are made to foreigners. We should be interested to know the reason for this omission.

4. In the new draft, we find an increased precision in the definition of Eritrea's position as an autonomous unit federated with Ethiopia. It seems appropriate that Eritrea should possess judicial as well as legislative and executive powers in the domestic sphere, that it should enjoy the right to levy taxes in order to maintain its own services and that it should keep for its own use export and import duties on goods originating or consumed in Eritrea. We do not clearly understand, however, the respective functions of the federal and Eritrean authorities in relation to internal security (Article 3). Federal armed forces are to be used "to maintain the ... internal security and good order of the federation", while Eritrea will have "the power to maintain internal police". Since it is not always easy to distinguish between banditry and political unrest in Eritrea, we wonder whether this article is sufficiently clear. We have a feeling that this is the sort of question which should properly be

left to the Eritreans to work out in consultation with the Ethiopians with the aid of the United Nations Commissioner. We do not suggest that the General Assembly should itself go into the question in greater detail, but we recognize that until the division of functions has been more clearly defined, a certain anomaly may be said to exist in this paragraph of the proposed Federal Act.

5. Since a situation appears to have developed in which it has become important for so-called neutral states to use their influence to encourage Italy and Ethiopia to accept a compromise arrangement with good grace, you are authorized to allow Canada to appear as co-sponsor of a resolution along the lines of the draft contained in your teletype No. 604 of August 25, provided there are 4 or 5 other satisfactory sponsors and provided a substantial majority of the members seem likely to join in supporting the measure. We cannot expect any resolution adopted by the Assembly to be accepted in Eritrea itself without some violence, but I think the proposed measure is likely to encounter less opposition than any other which the Assembly would accept.

245. DEA/5475-CP-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 680 New York, September 15, 1950

CONFIDENTIAL. IMMEDIATE.

1. I have just been informed that the Interim Committee will be meeting this afternoon (15th September) at 3:00 p.m. The agenda will include the three remaining items: (a) Eritrea, (b) Nationalist Chinese charges against the Soviet Union, (c) procedure for delimiting the boundaries of the former Italian colonies. In regard to these three items I have received the following information informally from the Secretariat.

2. Eritrea — apparently the discussions between Muniz, the Chairman of the Interim Committee, and Count Sforza have not led to agreement and I understand it is Muniz' intention to report to the Interim Committee that, although informal negotiations on a draft resolution have taken place, these negotiations have not been successful. My understanding is that, accordingly, Muniz will propose to the Interim Committee that a resolution should be adopted informing the General Assembly that the Committee has not been able to make a proposal regarding Eritrea, and that the General Assembly must itself consider the question (see paragraph 3 (c) of my teletype No. 663.†)

3. Chinese charges against the Soviet Union — my understanding is that it is Muniz' intention to suggest to the Interim Committee that a frank report be made to the Assembly stating that, in view of the fact that these Nationalist Chinese charges are a part of the general political problem of China which will, in any case, be discussed by the General Assembly, the Interim Committee believes that this mat-

ter must also be referred back to the Assembly. I understand that Muniz has discussed this matter with Dr. Tsiang but I have no information as to whether or not Tsiang has agreed to defer a debate on this question.

4. Procedure for delimiting the boundaries of the former Italian colonies — the United States delegation have today submitted a resolution along the lines described in my teletype No. 664.† The text of this resolution is contained in my immediately following teletype.† Unless I hear from you to the contrary, I propose to vote in favour of this resolution at the meeting of the Interim Committee this afternoon. If you wish me to adopt a different position I would appreciate receiving your immediate instructions.

246. DEA/5475-CP-40

Note de la Direction des Nations Unies pour le chef de la Direction des Nations Unies

Memorandum by United Nations Division to Head, United Nations Division

CONFIDENTIAL [Ottawa], September 18, 1950

On receipt of the two attached teletypes Nos. 680 and 681† of September 15 from New York I discussed the relevant paragraphs with Miss MacCallum, Mr. Menzies and Mr. Campbell, and asked them to let me have any comments which they would like transmitted by telephone to Mr. Riddell.

2. Miss MacCallum thought there would be no objection to Mr. Riddell's supporting the draft resolution proposed by the United States on the delimitation of the boundaries of the former Italian colonies (teletype No. 681).

3. On the question of Chinese charges against the Soviet Union, Mr. Menzies and Mr. Campbell pointed out that it would be dangerous for the Interim Committee, in handing back this item to the General Assembly, to make deliberate reference to the Nationalist Chinese charges as "part of the general political problem of China" (paragraph 3 of teletype No. 680). It was by no means certain how the broad problem of China would be approached at the Assembly, but it would be highly unfortunate if the Interim Committee's resolution concerning the Chinese charges were to draw attention to that aspect of the China problem in such a way as to enable mischief-makers to complicate any discussions the Assembly might have on Korea or Formosa. Mr. Menzies thought that if it were tactically possible Mr. Muniz should content himself with a factual report from the Interim Committee to the General Assembly to the effect that the Interim Committee had made no progress in dealing with this item and was therefore referring it back to the Assembly.

4. Mr. Reid agreed with the opinions expressed by Mr. Menzies and Mr. Campbell with regard to the Chinese item, and also agreed that Canada might support the United States draft resolution on the delimitation of the frontiers of the former Italian colonies. This information was therefore conveyed at about 3.00 p.m. yesterday, by telephone, to Mr. Riddell, who thought that it would be possible to arrange for an innocuous means of reporting the Interim Committee's failure to deal with

the Chinese charges. No draft resolution on this subject had, however, been circulated at that time.

H.B. ROBINSON

247. DEA/5475-CP-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 685 New York, September 16, 1950

Reference previous correspondence — Interim Committee.

1. At its meeting at 3.00 p.m., 15th September, the Interim Committee disposed of its three remaining items by referring them back to the General Assembly without discussing the substance of any of the three questions.

2. So far as Eritrea was concerned, the chairman, Muniz of Brazil, referred to the informal consultations which had taken place, on the initiative of the United Kingdom and United States representatives, Padilla Nervo of Mexico and himself, in order to draft "a carefully balanced formula capable of meeting the widely divergent views" expressed regarding this question. Muniz said that he regretted the Interim Committee would not have sufficient time to consider the results of these informal negotiations, and added that the compromise formula worked out should afford a useful basis for discussion in the General Assembly, if any delegation wished to bring it forward. Muniz then said that the best course for the Interim Committee to adopt would be to incorporate his statement into the rapporteur's report and to refer the matter back to the Assembly without further discussion. Muniz declined to accept a proposal of the Greek representative that the draft resolution developed by the negotiators should be included as an annex to the report. He said that there was no definite text of a draft resolution, only a set of principles, and that it would be incorrect to include this statement of principles as an annex to the Interim Committee's report in view of the fact that the Committee had not had time to discuss them. Without further discussion the Committee agreed to accept Muniz's suggestion.

3. So far as China was concerned, Muniz also stated that, in view of the lack of time, and in view of the fact that this "touched on" a number of questions which were already on the Assembly's agenda, there would be little purpose on holding a debate at this late stage in the Interim Committee. He therefore proposed that the Committee should instruct the rapporteur to report to the Assembly that the Committee had decided not to discuss the substance of this question. For China Dr. Tsiang said that it was "physically necessary" for him to accept the chairman's proposal, but that he wished to "register deep disappointment" at the lack of progress made by the Interim Committee on this item. In answer to a question from me for clarification Muniz stated that it was not his intention that the rapporteur's report should recommend to the Assembly that this item be considered in connec-

tion with other items on the Assembly's agenda, and he emphasized that this question would be a separate item on the agenda of the Assembly. The Committee adopted this proposal of Muniz without further discussion.

4. So far as the delimitation of boundaries of the former Italian Colonies was concerned, the United States representative (Noyes) stressed that his delegation's resolution had been prepared as a working paper and was not meant to be a final text. The chairman then proposed that the last paragraph of the draft resolution, which referred to the boundaries of Ethiopia, might be deleted in view of the fact that "some delegations" considered these boundaries to be connected with the question of Eritrea, on which no decision had been taken. Noyes agreed to delete the paragraph. In reply to a question from me Noyes said that the "third person" referred to several times in the text of the resolution was meant to be an "uninstructed individual" as opposed to a commission or a national representative. He also agreed to delete the word "third" as being unnecessary and somewhat misleading. A somewhat confused procedural discussion then developed in which many delegations emphasized that they had not had time to study the United States draft resolution. Two proposals were submitted. The first one was by Ecuador to have the Interim Committee submit this draft resolution "for the consideration of the General Assembly" instead of "recommending" it to the Assembly. The other proposal was by the Lebanese representative to merely annex the United States draft resolution to the rapporteur's report, stating that the Interim Committee had not had sufficient time to consider it. I expressed support for the Ecuadorean proposal, which implied some support by the Interim Committee of the United States draft resolution, and said that my instructions would authorize me to support the United States draft. However, the Lebanese proposal was put to the vote first and adopted by a vote of 21 in favour, 5 against, and 17 abstentions (including Canada). The United States draft resolution will thus be annexed to the report of the Interim Committee without any recommendation.

5. This concluded the work of the Interim Committee, and it will meet again on Monday morning at 11.00 a.m. for the purpose of approving its reports. As all these three reports will be without any real substance, the meeting on Monday will presumably be very short.

3e Partie/Part 3

CINQUIÈME SESSION DE L'ASSEMBLÉE GÉNÉRALE, PREMIÈRE PARTIE
FIFTH SESSION OF THE GENERAL ASSEMBLY, FIRST PART

Section A

INSTRUCTIONS À LA DÉLÉGATION CANADIENNE
INSTRUCTIONS TO CANADIAN DELEGATION

248. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], August 9, 1950

. . .

CANADIAN DELEGATION TO THE UNITED NATIONS ASSEMBLY

7. *The Secretary of State for External Affairs* said that the meeting of the United Nations Assembly, due to begin in about a month, was of considerable importance and might be a turning point in the development of that organization. It was proposed that the delegation should be a Parliamentary one with officials as alternates and that four members of Opposition parties be appointed as Parliamentary advisers. Certain specific recommendations were made for appointments to the delegation.

8. *The Cabinet*, after discussion:

(a) approved the following composition of the Canadian delegation to the forthcoming meeting of the United Nations Assembly:

Chairman — the Honourable L.B. Pearson, Secretary of State for External Affairs
Vice-Chairman — the Honourable Hugues Lapointe, Minister of Veterans Affairs
Senator J.G. Turgeon
Jean Lesage, Esquire, M.P.
John Dickey, Esquire, M.P.
Alternates — A.D.P. Heeney, Esquire, Under-Secretary of State for External Affairs
Léon Mayrand, Esquire, Assistant Under-Secretary of State for External Affairs
R.G. Riddell, Esquire, Permanent Delegate [sic] to the United Nations
Fraser Elliott, Esquire
Mrs. D.B. Sinclair, Executive Assistant to the Deputy Minister of Welfare (subject to suitable arrangements for her participation being made between the Secretary of State for External Affairs and the Minister of National Health and Welfare)

(b) approved in principle the inclusion of four Parliamentary advisers in the delegation; specific appointments to be considered at a later date.[20]

. . .

249. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 215-50[21] [Ottawa], September 8, 1950

SECRET

The fifth session of the General Assembly comes at a critical stage in the history of the United Nations. While the prompt action of the Security Council in the Korean crisis, and the approval of that action by the great majority of member states, have substantially restored the prestige of the United Nations, unmistakable signs exist that the organization, as at present constituted, does not provide a firm guarantee against possible future aggression. Had the Soviet representative attended the Security Council meetings of June and July, he could have prevented effective United Nations action to repel the North Korean aggression. Now that the U.S.S.R. has reversed its policy of boycotting the Security Council, the Soviet representative has demonstrated that the Council will not be permitted to carry out effectively its primary function of maintaining peace and security. If this situation continues, it is essential that other means be found to erect a reliable structure of collective security within the framework of the United Nations.

2. To give new strength to the United Nations, a formula must be devised which, while making the organization an effective guarantor of peace, will not cause the Soviet Union to withdraw. The danger of Soviet withdrawal exists because the strength of the Soviet position in the organization is derived almost entirely from its status as a permanent member of the Security Council where its concurring vote is required before decisions of substance can be taken. Any action to relieve the Council of its functions as the primary instrument for the maintenance of peace will be taken by the U.S.S.R. for what in fact it is — an expedient for getting around the problem of the veto — and will encounter bitter Soviet opposition. The schism

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[20] Les personnes suivantes ont été par la suite nommées conseillers parlementaires : M.J. Coldwell, CCF (Rosetown-Biggar); John Decore, libéral (Vegreville); Gordon Graydon, progressiste-conservateur (Peel); Gordon Francis Higgins, progressiste-conservateur (St. John's East); Solon Earl Low, Crédit social (Peace River); Victor Quelch, Crédit social (Acadie).
The following were eventually named as parliamentary advisors: M.J. Coldwell, C.C.F. (Rosetown-Biggar); John Decore, Liberal (Vegreville); Gordon Graydon, Progressive Conservative (Peel); Gordon Francis Higgins, Progressive Conservative (St. John's East); Solon Earl Low, Social Credit (Peace River); and Victor Quelch, Social Credit (Acadia).

[21] Approuvé par le Cabinet, le 12 septembre 1950.
Approved by Cabinet, September 12, 1950.

between the Cominform states and the free world in the United Nations is already dangerously wide; it should not be allowed to degenerate into a rupture of diplomatic relations brought about by the withdrawal of the Soviet Union from the United Nations. It is equally important that the U.S.S.R. should not be presented with an opportunity to claim that precipitate action by the non-Communist world had forced such a withdrawal.

3. The principal means of strengthening the United Nations now under consideration in this respect, are:

(a) Possible amendments to the General Assembly's rules of procedure to enable that body to meet on short notice to deal with security questions if the Security Council has been unable to carry out its functions;

(b) Establishment of a United Nations Commission to make rapid, on-the-spot investigations in case of aggression;

(c) Organization of United Nations military forces in substitution for the armed forces provided for under Article 43 of the Charter.

4. The Canadian Delegation should continue to act in close consultation with other responsible member states and should join with them in supporting reasonable proposals designed to achieve the objectives outlined in paragraph 3 of this memorandum, so long as these objectives are not achieved in a manner which would give the Soviet Union a valid reason for saying it had been driven from the United Nations. If it appears necessary to the formulation of a resolution likely to be generally acceptable to a majority of the Assembly, the Delegation could act as a co-sponsor, but it should not seek to assume this responsibility.

ELECTIONS TO COUNCILS AND SELECTION OF OFFICERS

5. Whatever modification should be made, membership of the Security Council should be of a high standard, states should be chosen on the basis of their ability to accept the responsibilities which go with membership, and due regard should be paid to the representation of geographical areas. Of the member states seeking election the most suitable choices for Canadian support now appear to be: Turkey, in place of Egypt, for the Middle Eastern seat; Brazil, in place of Cuba, for one of the two Latin American seats; and the Netherlands for the seat which is being vacated by Norway.

6. For membership on the Economic and Social Council, on which Canada has still over two years to serve, the Canadian Delegation should support the United Kingdom, Sweden, Uruguay, Australia, U.S.S.R. and Egypt; and for the Trusteeship Council, Thailand, as an Asian successor to the Philippines, and the Dominican Republic.

7. For the Presidency of the General Assembly, a contest has developed between Sir Zafrullah Khan (Pakistan) and Mr. Nasrollah Entezam (Iran). The choice between these candidates is complicated by the facts that both are Moslems and that both are good candidates. The Canadian Delegation should support Sir Zafrullah Khan, and should at the same time use its influence to avoid a situation in which the failure of either candidate to secure an adequate majority might lead to the election of a Latin American nominee.

8. A delicate question on the agenda is the appointment of the Secretary-General. At the present time it appears unlikely that a suitable new candidate, acceptable to the Soviet bloc and to other members, will be found. In view of the difficulty of securing agreement on an acceptable alternative to Mr. Trygve Lie, and in view of the generally satisfactory service he has rendered under difficult circumstances, the Canadian Delegation should join in supporting any practicable proposal to re-appoint him or extend his term for a further year.

POLITICAL AND SECURITY QUESTIONS

9. The Asian issues likely to come before the Assembly are dealt with in an accompanying memorandum. Among other important items is the membership question. Nothing that has happened since the fourth session of the Assembly indicates that a way out of this impasse will be found. It is unrealistic to hope for an amendment to the Charter which would relax the terms of admission, and there seems little likelihood of a horse trade whereby all outstanding applicants would be admitted. If, however, the Assembly should show renewed interest in such a bargain, the Canadian Delegation should insist on the inclusion therein of Spain. On this basis the applicants which the Canadian Delegation could support would be: Austria, Ceylon, Finland, Ireland, Italy, Jordan, Korea, Portugal, Nepal and Spain; on the Soviet side, Albania, Bulgaria, Hungary, Roumania and Outer Mongolia would be included. The Canadian Delegation should support any responsible efforts which might develop towards the admission of the ten Western-sponsored candidates and in the probable event that these efforts will be to no avail, should take advantage of any opportunity to place the blame for the non-admission of these states on the Soviet Union.

10. It is unlikely that any concrete new proposals on the international control of atomic energy will be submitted to the forthcoming session of the Assembly. Some thought was given last winter, on an official level only, to modifications which might be made in the present United Nations majority plan, without affecting the essential provisions for international inspection. In the present situation, however, discussion of this subject is hardly likely to be more than a propaganda debate. It is probable that India, or one of the smaller countries, will demand action of some kind and the Western countries must be prepared to meet the charge that they are "standing pat" on the majority plan. In effect, however, no major modifications in this plan are at present contemplated. The Canadian Delegation should continue to act in close consultation with other friendly and responsible members of the Atomic Energy Commission, including, in particular, the United States, the United Kingdom and France.

11. The Assembly will have before it a special report from the Trusteeship Council on the question of an international regime for Jerusalem and the protection of the Holy Places. The Trusteeship Council has found it impossible to implement the proposal for full internationalization recommended by the last session of the Assembly. This finding has in fact vindicated the attitude taken at that time by the Canadian Delegation, namely that the scheme was impracticable. It now appears likely that a new proposal will be advanced, providing for a very limited form of internationalization and for the establishment of a U.N. High Commissioner to

supervise the protection of the Holy Places. The Canadian Delegation should support a workable plan along these lines.

12. The Interim Committee will present a report to the Assembly on the disposal of the former Italian colony of Eritrea. It appears probable, following the first-hand investigation of a U.N. Commission and subsequent discussion in the Interim Committee, that a form of federation of Ethiopia and Eritrea will be the most feasible and acceptable solution. Canada has broadly favoured this solution in the Interim Committee during the past two months, and the Canadian Delegation to the Assembly should support, and if necessary co-sponsor, a resolution determining the disposal of Eritrea in this way. It will also be necessary for the Assembly to decide whether or not to continue the United Nations Special Committee on the Balkans. As it is generally agreed that the danger of attack from Bulgaria is not over and that the Committee is performing a useful function, the Canadian Delegation should vote in favour of its continuation for a further year. On the question of human rights in Bulgaria, Hungary and Roumania, the Delegation should support any reasonable proposal which might have the effect of aiding the victims of persecution in Eastern Europe or of demonstrating the validity of the charges brought against the governments concerned.

13. The Assembly will be asked to consider a draft resolution rescinding the December 1946 United Nations resolution on relations of member states with Spain. The draft resolution with United States and Latin American support, will probably win a two-thirds majority. Canada did not favour the original resolution but has previously abstained on votes to rescind. The Delegation could now support the rescission of the operative parts of this resolution which is becoming increasingly unrealistic and ineffective.

ECONOMIC AND SOCIAL QUESTIONS[22]

14. The main economic subject will be a recommendation from the Economic and Social Council with respect to measures to be taken by member states to attain economic stability. The Canadian delegation may support the general principles of endeavouring to exchange as much information as is useful and can readily be made available among states in order that they may gradually integrate their economies and avoid economic disruption. However, the delegation should be mindful of the limitations which must be placed upon forecasting of economic information and should take care that the compilation of huge reports is not mistaken for an end in itself.

15. The Assembly will consider several matters relating to refugees. Care should be taken to avoid the establishment of a permanent category of persons known as refugees. The Delegation should endeavour to retain to national governments and to the individuals concerned as much control as possible over the activities of these persons consistent with the proper supervision of their welfare by an international office or agency.

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[22] Une note infrapaginale a été insérée ici :/A footnote was inserted here:
"The Draft Covenant on Human Rights is dealt with in a separate memorandum."†

16. The Economic and Social Council has recommended to the Assembly the establishment of an International Children's Endowment Fund. The Delegation should endeavour to ensure that states are not, in consequence, called upon to bear large financial burdens, particularly if these do not appear to be justified by the results which the Fund is likely to produce.

FINANCIAL QUESTIONS

17. The Delegation should, as in previous years, encourage the efficient and economical administration of the United Nations, scrutinize the budget in order to limit expenditure without impairing essential services, and oppose the adoption of proposals which would needlessly increase the costs of operation. There is likely to be a reconsideration of the allocation of contributions to states which, because of post-war dislocations, received low assessments. This may result in pressure to reduce slightly the United States allocation and increase the Canadian assessment. The Delegation may support any reasonable re-allocation of contributions provided that the reduction of the United States assessment is kept to a minimum; the increase in the Canadian contribution does not exceed .1 percent of the whole budget; the principle of a *per capita* ceiling is maintained; and every effort is made to raise the contributions of Communist states to their proper level.

TRUSTEESHIP QUESTIONS

18. Last year the most serious breach among the democratic countries took place in the Trusteeship Committee. Since that time there have been useful conversations between the United States, the United Kingdom and France, with some compromises made on all sides. However, there is bound to be some divergence between the European and Asian delegations on this subject. Last year the Canadian representative played a useful role behind the scenes in seeking agreement by compromise. Even though Canada is not directly concerned with trusteeship questions, the Canadian Delegation should continue its efforts to reconcile the points of view of administering and non-administering powers.

L.B. PEARSON

250. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 214-50[23] [Ottawa], September 11, 1950

SECRET

ASIAN QUESTIONS BEFORE THE GENERAL ASSEMBLY

One of the principal struggles between the Western and Soviet delegations at the Fifth Session of the General Assembly will be for the support of Asian governments and Asian public opinion for their respective policies. It is a generally accepted thesis that the principal reason for the Soviet Government ending its boycott of the United Nations Security Council was its belief that it was foregoing a valuable platform from which to influence Asian public opinion on world issues. In the struggle between the North Atlantic group of powers and the Soviet Union and its satellites, the countries of Asia offer the best field for Communism to make military and political gains. The teeming populations and vast resources of Asia would, if absorbed, add greatly to the strength of the Communist bloc. A reduction in Western influence in Asia would militate against the strength of the non-Communist world. Because an element of misunderstanding has arisen between Asian countries led by India and a majority of the United Nations members led by the United States over the question of relations with China, the Soviet Delegation to the General Assembly which will be led by Foreign Minister Andrei Vishinsky, may be expected to try its best to widen the breach. Canadian effort should be directed toward eliminating misunderstanding and bridging, where possible, the gaps between the policies of the United States Government and those of Asian governments, bearing in mind that the flexibility of United States policies will be limited by the November congressional elections and that on the other hand Asian opinion may become impatient with the delays of American politics and, therefore, more susceptible to Soviet propaganda.

Chinese representation, a post-hostilities settlement for Korea, the United States "neutralization" of Formosa, and Chinese Nationalist charges of Soviet intervention in the Chinese civil war will be the principal Asian questions that may be brought before the General Assembly. Other issues, such as South West Africa, may give rise to misunderstanding between the Asian and Western delegations. Because the Korean and Formosan questions are still before the Security Council and because the report of the United Nations Korean Commission and the report of the Interim Committee on the Nationalist charges of Soviet intervention have not yet been published, it is not possible to lay down hard and fast detailed instructions

[23] Approuvé par le Cabinet, le 12 septembre 1950.
Approved by Cabinet, September 12, 1950.

for the Canadian Delegation. The following paragraphs, however, suggest an approach to each of these problems based on information presently available.

Chinese Representation

Because the Peking Government firmly controls the mainland of China and has an army of about three million veteran troops, it would be realistic politics for the United Nations to do whatever is possible to secure the acquiescence if not the cooperation of that government in the maintenance of peace in the Far East. One way of going about this would be to give an opportunity to the Peking authorities to express their views before appropriate United Nations bodies on Far Eastern security questions. The United Nations will be a healthier association if dissenting views are stated inside the organization rather than outside. If the Chinese Communists are not given an opportunity to state their own case it will be stated for them by the Soviet Delegation with their own twist. The Indians, too, would no longer require to assume the part of eloquent apologists for Communist China. If the Chinese Communists were given the chance to state their own case and did so in the intemperate language they have learned from the Soviets the Indians might be constrained to adopt a more objective attitude than they are now assuming. The Canadian Delegation should, therefore, support the hearing of Chinese Communist representatives before appropriate United Nations bodies in matters pertaining to the peace of the Far East such as Formosa and the Korean settlement where their acquiescence is desirable. Common justice demands that both sides be heard in the Formosan case at least.

As regards a possible change in Chinese representation from Nationalist to Communist the Canadian Delegation should support any move which would delay a final decision on credentials until after the Assembly had had an opportunity to consider the item proposed by Cuba entitled "Recognition by the United Nations of the Representation of a Member State". Such delay would permit the heat of the United States election campaign to subside and also give the delegation an opportunity to estimate the development of the attitudes of other delegations on the question of Chinese representation.

The United Kingdom Cabinet have decided to vote in favour of seating the representative of the Peking Government at the General Assembly if this question is raised on its merits and the Peking Government has not before then performed some significant unfriendly act such as attacking Formosa or openly aiding the North Koreans. As even Chinese Nationalist leaders admit that the grip of the Peking Government on the mainland is unshakeably firm it seems somewhat unrealistic to continue to accept the Formosan Government as representing "China", particularly when they seem to be doing all in their power to bring on a third world war as the only hope of reestablishing their position in China. When the vote is finally taken in the Assembly on the question of which group should represent "China" the Canadian delegation may, in the light of circumstances then prevailing, avoid giving its support to either side by abstaining.

Formosa

The Formosa question, which is now on the agenda of the Security Council, may also be brought before the General Assembly in one way or another. The General Assembly might be asked to call on both the Chinese Nationalists and Communists to cease any hostile action against each other until the United Nations has reestablished peace and security in the Korea area. A resolution in this sense would be advantageous if observed. The Delegation should consider carefully, however, what action the United Nations might be under moral compulsion to take if the resolution was not heeded by one of the parties.

With regard to the ultimate disposition of Formosa, the attitude of the Canadian Delegation should be that in principle Canada adheres to the Cairo declaration, which promised the restoration of Formosa to the Chinese state. This promise was confirmed by the Potsdam Agreement, upon which the Japanese Instrument of Surrender was based and which was signed by Canada. The political wisdom of repudiating wartime undertakings is doubtful. Furthermore the *de facto* administration of Formosa by the Chinese Government has been acquiesced in by the Canadian Government, through acceptance of a note from the Chinese Government in 1946, stating that Formosa was restored to Chinese sovereignty and that Formosans had regained their Chinese citizenship; through agreement that the Commercial Modus Vivendi with China should cover Formosa; and through various administrative actions.

The question of possession of Formosa cannot be extracted from its Chinese Civil War context and treated as a separate problem. In matters of this sort it has been Canadian policy to be prepared to make offers of good offices in order to help bring about an end to disputes, but not to favour the imposition of a solution upon one side or the other. The Canadian Delegation should follow this line with regard to the Formosa problem and should be ready to put forward or support any compromise proposal which might have the effect of lessening the differences between the United States and Asian countries in this matter and of reducing, in consequence, the likelihood of a Chinese Communist assault upon Formosa.

Chinese (Nationalist Government) Charges Against Soviet Russia

The Interim Committee not having dealt with the Chinese charges of Soviet violation of the United Nations Charter and of the Sino-Soviet Treaty (1945) through intervention in the civil war, it is likely that this matter will again be referred to the General Assembly.

The Canadian attitude to this question has been that it should be played down, on the grounds that to pursue the Chinese charges would be impractical, since most of the alleged violations of the Sino-Soviet Treaty of 1945 occurred some years ago and at a time when the Nationalist Government was still in control of the mainland, whereas now the Chinese mainland is in *de facto* control of a government, recognized by a considerable number of United Nations members, which would oppose investigation of the charges. Discussion of the Chinese charges was also considered politically undesirable, because it was not wished to draw Soviet counter-charges of United States intervention in the Chinese Civil War in support of Chiang Kai-shek.

The Canadian Delegation should maintain this attitude in principle but it should be prepared for the Chinese Nationalist charges against Russia to be brought into full debate in the Assembly, if the United States is widely and effectively assailed in the United Nations by the Soviet Union on the score of intervention in the Chinese Civil War when the Formosan question is discussed.

Korea: Post-hostilities Settlement

Consideration of the Report of the United Nations Commission on Korea will provide an opportunity to pass the question of the post-hostilities settlement for Korea from the Security Council to the General Assembly. There is a precedent for this procedure in the Palestine case where the Assembly considered long-range settlement problems while the Security Council was trying to stop the fighting. In the Korean case the Assembly provides the only means of getting around the Soviet veto in the Security Council. In dealing with this question the Assembly is on strong ground as it has had the problem of the independence and unification of Korea under consideration for three years and has made this one of the principal missions of its Korean Commission.

It is important that the Report of the Korean Commission should be placed as high as possible on the agenda in order that there may be sufficient time for careful study of the difficult question of a post-hostilities settlement for Korea.

The Canadian Delegation should seek support for a proposal that, after receiving the Report of the Korean Commission and providing an opportunity for general discussion of the Korean question, the Political Committee should move quickly to pass a resolution along the following lines:

> The Political Committee established a sub-committee composed of representatives of Australia, India, Pakistan, Philippines and Sweden, under the chairmanship of India, to consider the question of a post-hostilities settlement for Korea and to make a report to the Committee by November 15 including a draft resolution or resolutions by which the General Assembly may deal with this question. In formulating its recommendations the sub-committee shall take into account the resolutions on Korea adopted by the General Assembly and the Security Council. The sub-committee may hear evidence from any witnesses who seek to present their views in person or in writing and whom the sub-committee considers it would be useful to hear, having in mind the date for submitting its report to the Committee.

It is contemplated that the sub-committee would submit a draft resolution which would recall the previous Assembly resolutions and establish a new Korean Commission. It is hoped that this new Korean Commission would have perhaps a majority of Asian members, but would not include China (which is on the present Commission). This Commission could serve in an advisory capacity to the Commander of United Nations forces in Korea and the Government of the Republic of Korea. It should be charged with the conduct of negotiations with the North Korean authorities in regard to the terms of surrender, the establishment of a provisional United Nations administration in North Korea, the observation of elections in North Korea, and consultation concerning the establishment of a unified Government for Korea, and assisting that Government in the task of rehabilitation.

It would not be appropriate for the United Nations to request new elections in South Korea as it has approved those held there in May 1948 as "a valid expression of the free will of the electorate in that part of Korea". The second set of elections held in South Korea on May 30, 1950 are reported to have resulted in the election of a pretty representative Assembly that would probably have proceeded to compel reforms in the rather autocratic administration of President Syngman Rhee if the Northern aggression had not intervened. A demand for new elections in South Korea would question the validity of the earlier elections and this does not seem desirable.

It is not necessary or desirable for the United Nations to recognize President Rhee's claim to jurisdiction over the whole peninsula (see article 4 of the Constitution of the Republic of Korea). Indeed, Canadian recognition of the Republic of Korea, extended July 14, 1949, acknowledged that its jurisdiction only extended to the 38th parallel. A similar attitude was taken by other Governments. Accordingly it would seem appropriate for the United Nations to take over the administration of North Korea until elections have been held there and the elected representatives have met with the elected representatives of South Korea to review the Constitution and important legislation before announcing that the Government of the Republic of Korea has assumed jurisdiction over all of Korea.

Article 53 of the Constitution of the Republic of Korea provides that the President and Vice-President shall be elected by the National Assembly by a two-thirds majority of those present with a quorum for this purpose of two-thirds of the members of the Assembly. As elections in North Korea would add about another 100 members to the 210 members of the present Assembly it would seem appropriate to have a new election for President and Vice-President when the enlarged Assembly is brought together. This would meet criticisms that have been levelled against President Rhee and his administration. If he were re-elected he would have a new and more broadly based mandate; if not, Korea would have a new administration.

[L.B. PEARSON]

SECTION B

REPRÉSENTATION DE LA CHINE
REPRESENTATION OF CHINA

251. DEA/5475-DW-4-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 602 New York, August 25, 1950

SECRET. IMMEDIATE.

Repeat Washington No. 115.

Reid and I think that the most important point which emerged during our informal consultations with the United States and United Kingdom delegations yesterday concerning the forthcoming assembly was the clear indication on the part of the United States delegation of a firm and uncompromising attitude in regard to the question of Chinese representation. We had thought they might say that they would not themselves vote for seating the Chinese Communists but would acquiesce in whatever decision was taken by the Assembly. Instead of this, they said that it was of the greatest importance to them that the Chinese Nationalists should continue to represent China and that the Chinese Communists should not be seated. They said that this was because of the situation in Korea, which made it impossible for them to adopt now the somewhat more flexible attitude they had previously adopted. We pressed them for a further explanation of their new position, and it then became clear that their main concern was to avoid undermining in any way the position of Tsiang in the Security Council. They pointed out that on two occasions Tsiang's vote had been essential in order to get a majority for an important resolution, and so long as the situation in Korea remained unresolved, they were unwilling to contemplate losing Tsiang's vote. We asked them whether this meant that they would expect the Assembly to regard the representatives from Nationalist China in exactly the same way as in previous years, that is, giving them a vice-presidency and their share of other offices. The Americans said they had not yet thought of this aspect of the question, but I judge that they will probably wish to have the Chinese delegation treated exactly as if nothing had happened in China.

2. This led to a general discussion of the problem of relations with China, in the course of which the British made no comment whatever. Reid and I said that no decision had been taken by the Canadian Government in regard to its policy on China at the Assembly and that we had no instructions on the subject. We then tried to put the discussion on an informal and exploratory basis, and mentioned some of the difficulties which exist for the Western Powers because of our present relations with China, seeking to find out from the Americans present whether they were concerned about these problems or whether they had any idea about a solution.

This effort was unproductive. The best we could get from them was the remark that once the situation in Korea had been cleared up, it might be possible for them to review their policy in regard to China.

3. As the meetings were breaking up, word was brought in concerning the Chinese Communist appeal to the Security Council.[24] We saw the Americans later in the evening, and they said that they had no inclination to dodge this issue and were prepared to take on the discussion in the Security Council. We asked them what policy they would adopt in regard to granting a hearing for the Communist Chinese, who would now appear in the role of complainants. They said they had not yet decided on a policy in this regard.

4. In the course of the discussions we also mentioned your proposal that a small Commission including a majority of Asian States should be set up to recommend a long term settlement in Korea, and we read them a section from your Vancouver speech on this subject.[25] The United Kingdom officials present had no comment to make on the suggestion. The American reaction was unfavourable. They indicated alarm over the prospect of a Committee with a majority of Asians making recommendations on a Korean settlement, and their alarm was not diminished by the suggestion that the chairmanship of the Commission should be given to an Indian.

5. A full report† of the discussions is now being prepared and will be brought back to Ottawa by Reid. It seems to me that we should now consider whether we should formulate your proposal about Korea in a draft resolution, and tell the Americans and British that we were proposing to offer it to the Assembly in connection with the Korean item.

252. DEA/5475-EJ-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 673 New York, September 13, 1950

CONFIDENTIAL. IMPORTANT.

Coulson of the United Kingdom delegation informs me that United Kingdom officials now agree with the Americans that it would be best to secure a clear-cut decision on the question of Chinese representation at the beginning of the Assembly. He thought it possible that Bevin and Acheson would agree to make statements saying that an honest difference of opinion on questions of this nature was natural in a democratic process, and that they would go their separate ways. He also thought that the Americans would agree to hold out some hope of reconsideration in the not too distant future. Coulson said that he thought that there was also some possibility that India would try to take the initiative away from the Soviet Union by

[24] Voir le document 280./See Document 280.
[25] Voir le document 97./See Document 97.

itself proposing a resolution to the effect that the representatives of Peking should be seated in place of the Nationalist representatives.

2. I said I still thought there might be some advantage in avoiding a situation in which we would be forced by the Russians to record at the very beginning of the Assembly our differences of view about Chinese representation. It was with this in mind that we had suggested the possibility of taking the initiative away from the Russians by initiating some process of enquiry into the circumstances, and meanwhile applying Rule 29 of the rules of procedure.[26] Coulson said he did not think there was any possibility of avoiding a clear-cut decision at the beginning of the Assembly, and his information, contrary to impressions which we had received from the Americans through other sources, was that the State Department had also come to this conclusion.

253. DEA/5475-EJ-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 678 New York, September 14, 1950

SECRET. IMPORTANT.

1. Coulson of the United Kingdom delegation telephoned this morning to say that the Indians had now definitely indicated that they would try to get the initiative on the question of the representation of China and put in a resolution in favour of a change. He said that the disposition of the United Kingdom Government was to support a resolution of this kind.

2. I mentioned to Mr. Pearson this morning the information we had received that the United Kingdom and United States delegations were now agreed that they should face the question of Chinese representation at once, rather than postpone it. Mr. Pearson said that in that case we would not press our own views about deferring the question. In view, however, of information given to me this morning by the Secretary-General,[27] and communicated to you in another telegram, I tried to leave it open with Coulson that we might support a movement for postponing the question, if one developed.

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[26] Cette mesure permettrait à un représentant nationaliste de siéger de plein droit jusqu'à ce qu'une enquête soit terminée.
This would have the effect of seating the Nationalist representative with full rights until an enquiry was completed.

[27] Le secrétaire général souhaite reporter le débat sur cette question plus tard pendant la session. Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures, télégramme N° 676, le 14 septembre 1950.†
The Secretary-General wished to postpone debate on this question until later in the session. Permanent Representative to United Nations to Secretary of State for External Affairs, Telegram 676, September 14, 1950.†

254. DEA/5475-EJ-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 6 New York, September 19, 1950

Following for Carlisle from Gordon, Begins: Canadian draft resolution on Chinese representation as follows:

"The General Assembly taking note of differences of view concerning the representation of China in the United Nations, establishes a special Committee consisting of the President of the Assembly and six other representatives selected by the President to consider the question of Chinese representation and to report back with recommendation to the present session of the General Assembly after the Assembly shall have considered item 62 of the provisional agenda (Cuban item),[28] resolved that, pending a decision by the General Assembly on the report of this special Committee, the representative of the Nationalist Government of China be seated in the General Assembly with the same rights as other representatives".

Will send you further message when resolution has been presented. Ends.

255. DEA/5475-EJ-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 7 New York, September 20, 1950

SECRET. IMPORTANT.

CHINESE REPRESENTATION

Following for the Prime Minister from Pearson, Begins: At a meeting of Commonwealth delegations called on Tuesday morning [September 18] by Mr. Bevin, the question of Chinese representation was discussed at length. Bevin explained United Kingdom position. Indian delegate said that he was proposing a resolution calling for the seating of the Peiping Chinese, and explained reasons which led them to take this initiative. Pakistan representative said that he would support the Indian resolution. Australian, New Zealand, and South African delegates indicated they would oppose it. I said that I would either abstain or support the Indian resolution, depending on the way in which the debate developed.

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[28] Voir/See *United Nations Resolutions*, Series 1, Resolutions Adopted by the General Assembly, Volume 3, 1950-52, Dusan J. Djonovich, New York: Oceana Publications, 1973, p. 98.

2. Bevin concluded this part of the discussion by saying that he very much hoped some sort of action could be taken to prevent the door being slammed on Communist China at the opening of this Assembly. He added that he very much wished Commonwealth delegates could work out some formula to avoid this kind of result. I then remarked that we had been considering a resolution which would call for some kind of special consideration of the question of Chinese representation at the Assembly and which would seat the Chinese Nationalist representatives while this matter was being considered. A resolution of this kind might be introduced alongside the proposed Indian resolution. If the Indian resolution were defeated, as would likely be the case, Western delegates would then have an alternative resolution for which they could all vote and which would have the effect of demonstrating that we were prepared to give careful consideration to question of Chinese representation on its merits. Other Commonwealth delegations showed considerable interest in this suggestion and we agreed to try to prepare a draft.

3. I subsequently consulted our own delegation and the draft was then prepared and shown to the United Kingdom and United States delegations, and altered in accordance with their suggestions. The United States delegation did not like our proposal at all, and would have preferred us not to make it. It was in accordance with their suggestion that a reference to the Cuban resolution on the basis of representation was included. A further amendment, suggested in the course of the debate by Australia, affecting the method by which a special committee would be chosen, was accepted. Text of our resolution as finally adopted[29] is given in my immediately following teletype.†

4. When Assembly opened, Rau immediately put the Indian resolution calling for the seating of the representatives of the new Chinese Government. Vyshinsky then proposed two resolutions, one expelling the Nationalist Chinese, and the second installing the Communist Chinese. My resolution had meanwhile been distributed, and in the course of the discussion received a good deal of support.

5. When the voting was finally taken, the Indian resolution was defeated, sixteen votes in favour, thirty-three votes against, and eighteen abstentions. I abstained, a course made easier by the fact that we had already submitted our own resolution for dealing with this matter.

6. The Chairman then ruled that my resolution, having been filed with the Secretariat next in order, should now be voted. The resolution was put in two parts, with the following results:

First part—38 for, 6 against, 11 abstentions
Second part—42 for, 8 against, 6 abstentions
Resolution as a whole—42 for, 9 against, 6 abstentions.

7. The two USSR resolutions were then put to the vote. The first one was defeated, ten votes for, thirty-eight votes against, and eight abstentions, and the second one was defeated eleven votes for, thirty-seven against, and eight abstentions. Since I had already voted in favour of my own resolution, which provided for a different disposition of the question of Chinese representation, I voted against the

[29] Voir/See *ibid.*, p. 153.

two Soviet resolutions, and this was the case with a number of other delegations which had originally voted "yes" or abstained on the Indian resolution.

8. Our resolution had, I think, the effect which we desired: It provided a procedure in regard to Chinese representation upon which the great majority could agree (both the United Kingdom and United States delegations voted for it, although they had divided on the Indian resolution). It also established a procedure in regard to Chinese representation which does more than merely shelve the question indefinitely, as the United States delegation seemed to wish. Ends.

256. DEA/5475-EJ-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 667 New York, December 16, 1950

CONFIDENTIAL

SPECIAL COMMITTEE ON THE REPRESENTATION OF CHINA[30]

1. This Committee met for the first time this morning, in closed session, and Sir Benegal Rau was unanimously elected Chairman. The text of the communiqué which was issued at the end of the meeting is contained in my immediately following teletype.†

2. At the very outset Romulo proposed that the Committee should not discuss the question before it, while Chinese forces were "shooting" at United Nations forces, and that it adjourn to await the results of the Committee of Three to determine the basis for a cease-fire in Korea.[31] Romulo may have been asked by the United States to put forward this proposal, as Raynor of the State Department approached us with the same idea just prior to the meeting. Romulo's proposal was immediately opposed by Katz-Suchy of Poland,[32] who repeated the stock argument in favour of Chinese Communist representation, tried to show that this question and the cease-fire were two different matters, and that as a consequence, they should not be linked together. He formally proposed that the Central People's Government should be seated in the United Nations and that the present Chinese delegation's credentials should be considered invalid.

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[30] Le 12 décembre 1950, le président de l'Assemblée générale a proposé la candidature au Comité spécial des pays suivants, élus au scrutin secret par l'Assemblée générale : Canada, Équateur, Inde, Iraq, Mexique, Philippines et Pologne.
On December 12, 1950, the President of the General Assembly nominated, and the General Assembly elected by secret ballot, the following states as members to the Special Committee: Canada, Ecuador, India, Iraq, Mexico, the Philippines and Poland.

[31] Voir le document 193./See Document 193.

[32] Juliusz Katz-Suchy, représentant de la Pologne auprès des Nations Unies.
Juliusz Katz-Suchy, Representative of Poland to United Nations.

3. The Iraqi representative then suggested that the meeting adjourn and meet again at the call of the Chair and depending on the progress achieved by the Committee of Three. I supported this suggestion. After some further discussions, during the course of which Katz-Suchy defended Chinese intervention in Korea, a vote was taken, and the Iraqi proposal was adopted by 3 in favour (Canada, Iraq and Mexico), 1 against (Poland) and 2 abstentions (Philippines and India).

4. The special Committee then discussed the text of the communiqué to be issued to the press, and this brought forth a sharp exchange between Romulo and Katz-Suchy, who insisted that the Polish proposal be mentioned in it. Because of this, Romulo insisted that his proposal be referred to as well.

SECTION C

LA PAIX PAR L'UNITÉ
UNITING FOR PEACE

257. DEA/50069-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1676 Washington, August 3, 1950

SECRET

Repeat Permdel No. 93

PREPARATIONS FOR GENERAL ASSEMBLY

1. I asked Hickerson to lunch today in order to secure from him information on the latest planning in the State Department before my own departure for Ottawa tomorrow. He said that they were developing a 3-point programme dealing with the theme of united action to stop aggression. Active planning was well advanced on this programme in the Bureau of United Nations Affairs and he had discussed its general outline with the Secretary of State, but it was not as yet adopted as a definite policy of the State Department. He several times expressed the desire to receive from us ideas and comments on the proposals as soon as possible. He added that he had given fuller information to me about the programme than had yet been made available to his senior colleagues in the State Department.

2. The first point is that described in paragraphs 2, 3, and 4 of my message WA-1543 of July 15th.† For convenience, however, I shall repeat the proposal here. The purpose is to find a means whereby the United Nations can organize action to meet a breach of the peace even after a veto in the Security Council. This could be done by changing the Rules of Procedure of the Assembly so as to provide for the automatic convening within twenty-four hours of a special session of the Assembly if the Security Council holds by a vote of any seven members that a breach of the

peace has been committed, even if one or more permanent members vote against this finding. The effect would be to treat such a finding of the Security Council as a sort of procedural decision involving the convening of the Assembly immediately, even though negative votes might be cast by several permanent members. The Assembly so convened would then be in a position to make recommendations by a two-thirds majority, and these recommendations could be as far-reaching as those of the Security Council in the Korean case. He thinks that the proposal should include some standing provision for organizing through a Special Committee (or through the Interim Committee) the responses made by members to the recommendations of the Assembly, and he said that he would particularly welcome ideas on this point. You will note that there are slight changes in this proposal from the version put forward in my WA-1543, but it is substantially the same.

3. The second point in the programme would be the establishment by the Assembly of a Permanent Commission, which could by majority vote decide to conduct an investigation on the spot into a threat to the peace in any part of the world, provided that the country concerned were ready to receive them, and make recommendations. (Someone in the United States delegation in New York has made the ingenious suggestion, in order to keep the Security Council in the picture, that the recommendations made by this Permanent Commission could be rejected by a vote of seven members of the Security Council, which would mean the application of the veto in reverse.) This is fundamentally the same idea that was put forward late last week by the State Department in the hope that there would be agreement on action to this end by the Security Council on July 31st just before Malik's return. The British and French, however, refused to endorse the proposal, and it is now being re-vamped so that the Commission would be set up by the Assembly and not by the Security Council. The membership of the Commission might be identical with that of the Security Council.

4. The third point would provide for the establishment of a United Nations force, which could be employed for police or occupation duties in troubled areas and might also be used against open aggression. You are already familiar with the ideas to this end under discussion here and in New York. Hickerson said he could find no constitutional argument based on the Charter against the Assembly authorizing a force of this character. I gather that he would like to see a force of some size and would prefer that it should be financed from United Nations contributions. He recognizes, however, that it would be very difficult to secure the approval of two-thirds of the members to such a substantial addition to the budget. Part of the cost might be met by a lump sum vote. It is the prospect that, with the end of the fighting in Korea, occupation forces may have to remain there for a long time that has made the thought of an efficient United Nations force particularly attractive just now.

5. In my following message† I pass on some other information resulting from this discussion.

258. DEA/5475-DW-11-40

Le secrétaire d'État aux Affaires extérieures au ministre de l'ambassade aux États-Unis

Secretary of State for External Affairs to Minister, Embassy in United States

TELEGRAM EX-1378 Ottawa, August 21, 1950

SECRET

Mr. Wrong's Telegram WA-1676 of the 3rd of August: Preparations for the General Assembly.

In the first paragraph of Mr. Wrong's telegram under reference he said that Mr. Hickerson would like to receive any comments which we might care to make on the three-point proposal which was being elaborated in the State Department for presentation at the forthcoming Session of the General Assembly. The purpose of this message is to offer some preliminary comments on the programme which is under consideration in Washington designed to strengthen the United Nations and make it more capable of organizing united action to resist aggression.

2. In general, we support the proposals which have been made by Mr. Hickerson. Under present circumstances we feel that it is necessary to transform the United Nations so far as possible into an anti-communist coalition, in fact, if not in form. At the same time, we do not think that any action should be taken now which would be certain to force the withdrawal of the Soviet Union and its satellites from the United Nations. In our opinion, such action would be justifiable only if war with the Soviet Union appeared to be inevitable within a few months; and we do not believe this yet to be the case. Our chief reason for supporting the State Department's three-point programme is that it seems to us to go about as far in the direction of strengthening the United Nations to resist aggression as is possible without forcing the withdrawal of the Soviet Union.

3. In accordance with this general approach, we are in favour of the proposal, which is the first of the triad, to alter the rules of procedure of the General Assembly. It will be realized, however, that Article 12 of the Charter[33] may be considered to constitute a legal stumbling-block to the change which the State Department have in mind. At San Francisco our delegation argued that the question whether or not the Security Council was exercising in respect of any dispute or situation the functions assigned to it in the Charter was a question of fact which the General Assembly could decide itself. We maintained this even after the Charter had been signed, as you will see by referring to page 25 of the "Report on the United Nations Conference on International Organization" which was issued in 1945. Practice in the United Nations, however, may have made it harder now to sustain this argu-

[33] En vertu de l'article 12, l'Assemblée générale ne peut se pencher sur une question étudiée par le Conseil de sécurité.
Article 12 precludes the General Assembly from considering an issue which is before the Security Council.

ment. The custom seems to have grown up that the Council must vote to remove a question from its agenda before the General Assembly may make a recommendation concerning it. Even so, it should be possible to obtain such action in the Security Council notwithstanding the veto, since a precedent that occurred during discussion of the Greek question in 1947 has established that a vote to remove an item from the agenda is a procedural question, so long as the resolution does not contain a specific request to the Assembly to make a recommendation. We should be grateful if you could ascertain from the State Department whether they intend to use the argument which we advanced at San Francisco or whether they contemplate that the first step to be taken in the event of a veto by the Soviet Union to action in the Security Council designed to stop aggression should be a motion to drop the item from the Council's agenda.

4. It will be appreciated in the State Department that the obligation resting on individual members, as the result of a recommendation by the Assembly, will be substantially weaker than the obligation imposed by a recommendation of the Security Council. We have been wondering whether this obligation might not be strengthened by reverting to a suggestion which was made a few years ago by Mr. Hamilton Fish Armstrong[34] for a supplementary protocol to the Charter. Under this, the members of the United Nations who signed and ratified the protocol would undertake to carry out the Charter obligations to resist armed attack if two-thirds of the states parties to the protocol (or, perhaps, preferably two-thirds of the members of the General Assembly) decided that collective action was called for under the Charter and if the Security Council had failed to act. Alternatively, the obligations of individual members might be increased if at this Session of the General Assembly, after the rules of procedure have been altered, there were to be a succession of unilateral statements by members declaring that they would consider a recommendation by the General Assembly for collective action as being equally binding with recommendations of the Security Council. We are doubtful whether it would be wise to raise, at this Session, the proposal for a protocol to the Charter, since it is unlikely that India, for example, would be prepared to accede to it at this time. However, it seems to us a valuable method for reinforcing the obligation of members to act on a recommendation of the General Assembly; and we should be grateful if you would discuss it with the State Department.

5. The second proposal for a Permanent Commission of the General Assembly would also seem, in our view, to be valuable. We wonder, however, whether the object of this proposal could not be achieved more simply by merely authorizing the Secretary-General to send, at his discretion, military observers from the Panel of Field Observers established by General Assembly Resolution 297(IV)B of the 22nd of November, 1949, to any country which might consider itself threatened by armed attack. This alternative device might also have the advantage of giving the Soviet Union less chance for charging that the prerogatives of the Security Council

[34] Hamilton Fish Armstrong, conseiller spécial auprès du secrétaire d'État des États-Unis et conseiller auprès de la délégation américaine à la conférence de San Francisco (1945).
Hamilton Fish Armstrong, Special Adviser to United States Secretary of State and Adviser to United States Delegation to the San Francisco Conference (1945).

in security matters were being infringed. We should welcome the State Department's views on this suggestion.

6. In discussing with the State Department their proposal for a Permanent Commission of the General Assembly you might mention that we are somewhat concerned over the possibility that if such a Commission were established the first place where its services might be requested might be Formosa. In our view, the status of Formosa is at the moment so equivocal that we would not think it appropriate for the new Permanent Commission to be despatched there as its first assignment.

7. The third proposal was for a United Nations Police Division in which volunteers would enlist individually and which would be trained, from the beginning, under United Nations auspices. As the Prime Minister indicated in his broadcast on the 7th of August,[35] the Government are, in principle, in favour of the raising of such a formation. But the practical difficulties to be overcome are very substantial. How would the formation be financed? What rates of pay would be applied? Where would it be trained? How would it be reinforced? And, most important of all, how would it be officered? We are giving urgent consideration here to these and other questions, and we would be grateful to have any indication that you may be able to provide of the State Department's thinking on these matters. We do not mean to suggest, however, that we regard any of these difficulties as insuperable.

8. In this connection, you might like to know that we are considering calling attention at this Session of the Assembly to the action of the Government here in raising a brigade which will be specially earmarked for service in fulfilment of our obligations under the Charter and under the North Atlantic Treaty. So far as we are aware, Canada is the only country to have taken such action and we think that it might provide a useful example for others. The earmarking by a number of countries of formations available for service on behalf of the United Nations should enable a United Nations force to be quickly assembled in future. This does not mean, however, that we are lukewarm in our support for the establishment of a United Nations Police Division, which would be a valuable adjunct to national contingents in a United Nations force.

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[35] Voir Canada, ministère des Affaires extérieures, *Le Canada et la crise coréenne*, Ottawa, Imprimeur du Roi, 1950, annexe 18, pp. 35-39./See Canada, Department of External Affairs, *Canada and the Korean Crisis*, Ottawa: King's Printer, 1950, Appendix 18, pp. 31-35.

259. DEA/5475-DW-11-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1879 Washington, August 23, 1950

SECRET. IMPORTANT.

Repeat Permdel No. 141 (attention Mr. Escott Reid).
Your EX-1378 of August 21st. Preparations for the General Assembly.

Matthews and Collins discussed with Hickerson this morning the comments you offered on United States three-point proposal.

2. Hickerson stated that the United States position was based on the desirability of keeping the Soviet Union in the United Nations at the present time and he therefore agreed with your paragraph 2. He mentioned that in a secret gallup poll, seventy percent of those questioned were in favour of expelling Russia and this reaction is obviously causing some worry to the State Department. If the Russians are to remain in the United Nations Organization, it will obviously be impossible to amend the Charter, and the main objective must be to operate through the existing machinery, which in turn requires strengthening of the position of the Assembly. Hickerson said that this point had been stressed in the recent State Department discussions with the Colonial Powers, in which it had been emphasized, for example, that the work of Committee 4 should be taken more seriously than had been perhaps been true in the past.

3. In regard to the proposal concerning Article 12, Hickerson believed that a large field of discussion would be open to the Assembly, even though items such as the Korean dispute remained on the Security Council agenda. He said that there would appear to be no reason why the Assembly should not at the present time discuss the final solution of the Korean problem, but stated that if the Assembly should find it necessary to take up the question of what further action should be recommended to meet aggression in Korea, the item would have to be removed from the agenda which, he agrees, could be done by a procedural vote. This is obviously the way in which the State Department would propose to act and not on the basis of the Canadian argument put forward at San Francisco, that the question of whether the Security Council was exercising its function was a question of fact.

4. Hickerson is not inclined to agree with your opinion that a recommendation of the Assembly would be substantially weaker than a recommendation of the Security Council. While the State Department have carefully considered proposals similar to that made by Mr. Hamilton Fish Armstrong for a supplementary protocol to the Charter, they have ruled this out at the present time because they feel that such action might force Russia out of the United Nations.

5. State Department has also considered the desirability of a unilateral statement declaring that a recommendation by the General Assembly for collective action

should be binding. He stated that such a declaration would be in the nature of a blank check and gave the impression that this, largely from a domestic point of view, would not be acceptable to the United States. He stated that the United States would not object to binding itself in individual instances, for example, the commitment it has already made should there be further aggression against Greece.

6. Hickerson does not think use by the Secretary General of military observers from the panel would be a satisfactory substitute for the United States second proposal for a permanent commission of the General Assembly. He does not think that members of the panel would have a status equivalent to a permanent commission and he thinks that some questions might be raised as to the legality of the Secretary General using members of the panel for this purpose.

7. Hickerson made no comment on the point that it would not be desirable to have the Permanent Commission given, as its first assignment, duties in Formosa.

8. State Department still believe that a United Nations police division is desirable but have not yet reached any conclusions in their thinking on the proposals mentioned by you. They consider that such a force would be most appropriate as an occupation force after the Korean fighting is over. Their present thinking is apparently along the line of having the individual nations supervise recruiting of units of whatever size might be appropriate, the units, however, not to be available for national duties, but only for the United Nations. The dividing line between this concept of the State Department and the special national forces similar to the brigade which is being recruited in Canada, appear to be somewhat blurred.

9. State Department are considering having the American delegation introduce a recommendation at the Assembly that member nations should raise forces that would be part of their national forces but would be ear-marked as being available for services on behalf of the United Nations. This suggestion resulted from their consideration of action at present being taken by Canada and has been discussed with both the French and British and has received their favourable reaction. It was not forward in the discussions with the French and British as a Canadian proposal, that their idea resulted from Canadian action. State Department consider that the General Assembly should appoint a co-ordinator with a small staff, whose duties would be to give recommendations to National Governments concerning the recruiting, training, and equipping of these national units and who could endeavour to draw together the different units of smaller countries such as those of the Spanish-speaking Latin American countries. The co-ordinator would not be the operational commander in the event of units becoming involved in some police action and presumably the Unified Command would be determined as has been the case in Korea. Hickerson was careful to point out that this proposal would not be a substitute for the idea of recruiting a United Nations force as such. In Hickerson's opinion, the national forces should be ear-marked as being available for service under a United Nations Unified Command, but there would be no absolute commitment on the part of the National Governments to make them available whenever the Assembly recommended such action. This decision would be taken by each Government on each occasion when the Assembly passed a recommendation.

10. This message was dictated before receipt of Perm. Del's No. 595 to External.† The amendments to the original United States drafts mentioned in that message cover the same ground as paragraph 9. Hickerson, when referring to this this morning, said that United States was considering such a proposal but it was clear that no final decision has yet been taken. Ends.

260. DEA/5475-DW-11-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 601 New York, August 25, 1950

SECRET. IMPORTANT.

Repeat Washington No. 114.

Following is revised draft of United States "three-point" resolution discussed at pre-assembly meeting of Three Powers on 24th August. A report on this meeting is being prepared separately. Text of draft resolution begins:

Recognizing the obligations of members of the United Nations with respect to the maintenance of international peace and security as set forth in the Charter,

Recalling its resolution 290 (IV) entitled "essentials of peace", and in particular the second and third paragraphs of that resolution in which the General Assembly called upon all nations "to refrain from threatening or using force contrary to the Charter" and "to refrain from any threats or acts, direct or indirect, aimed at impairing the freedom, independence or integrity of any State or at subverting the will of the people in any State",

Conscious that failure of the Security Council to discharge its primary responsibility for the maintenance of international peace and security on behalf of all the member States in no way relieves member States from their obligations under the Charter,

and

Mindful of the role of the General Assembly and the importance of its contribution in the field of international peace and security, in order to carry out the principles and purposes of the Charter,

A

Resolves

1. That if the Security Council, because of the veto, fails to exercise its primary responsibility for the maintenance of international peace and security in case of a breach of the peace or an act of aggression, the General Assembly shall consider the question immediately with a view to making appropriate recommendations to the members for collective action, including the use of armed force, to restore international peace and security;

2. That for this purpose the General Assembly shall, if not in session at the time, meet in special emergency session which shall be called by the Secretary General and convened within 24 hours of the receipt of a request from:

A. Any 7 members of the Security Council;
B. Any member of the United Nations, concurred in by a majority of the members; or
C. The Interim Committee.

3. That notwithstanding any provision to the contrary in its rules of procedure, the General Assembly when meeting in special emergency session shall proceed to consideration of the subject for which the session has been convened immediately upon election of the President;

B

The General Assembly

Establishes a General Assembly Peace Reconnaissance Commission composed of representatives of (9 members) for the purpose of ensuring immediate and independent observation in and reporting from any area in which international conflict or serious international tension develops;

Authorizes and requests the Interim Committee of the General Assembly to despatch the Commission or a subcommission thereof or observers to be selected by the Commission to any area where the Interim Committee deems their presence useful, upon the invitation or with the consent of the State into whose territory the Commission would go.

In the performance of its duties under the present resolution, the Interim Committee shall act in accordance with its terms of reference as set forth in resolution 295 (IV) except that its decisions shall be made by a majority of members present and voting;

Recommends to all Governments and authorities that they co-operate with the Commission and assist in the implementation of the present resolution;

Requests the Secretary General to provide the necessary staff and facilities utilizing where appropriate the United Nations panel of field observers envisaged in resolution 297 (IV)B.

C

The General Assembly

Invites each member of the United Nations to survey its resources in order to determine the nature and scope of the assistance it may be in a position to render in accordance with any United Nations action for the restoration of international peace and security;

Recommends to the members of the United Nations that, pending the creation of the armed forces provided for under Article 43 of the Charter, each member designate within its national armed forces a United Nations unit or units, to be so trained and equipped as to be available for prompt service on behalf of the United Nations upon determination by the Security Council or recommendation by the General Assembly;

Appoints _____ as United Nations military coordinator to consult on its behalf with the member States who wish to establish such units and to assist them in the organization, training and equipping of such units;

Establishes an ad hoc Committee consisting of representatives of _____ to study and report to the General Assembly on means which the United Nations might employ through collective action — including the use of armed force — in order to carry out the purposes and principles of the Charter;

Directs the ad hoc Committee in particular to study the questions of (a) measures not involving the use of armed force which might be taken by United Nations members collectively, and (b) methods for the collective use of United Nations units established or to be established by member States;

Authorizes payment of the coordinator's salary and expenses from the regular budget of the United Nations; and

Requests the Secretary General to furnish to the coordinator and to the ad hoc Committee the staff and any assistance necessary for the effective accomplishment of their respective tasks. Text ends.

261. DEA/5475-DW-11-40

Extrait du rapport sur les pourparlers tripartites informels

Extract from Report on Informal Three-Power Talks

SECRET [New York], August 26, 1950

1. The first of these talks took place in the morning and afternoon of 24 August at the offices of the U.S. Delegation in New York. Reid, Riddell and Carter attended for Canada: Ross and Maffitt of the U.S. Delegation and Raynor and Bancroft of the State Department were present from the U.S.; Coulson (Shone's replacement), Laskey and Cole represented the U.K.

(1) U.S. THREE-POINT PROPOSAL

2. The first item discussed and the one which took much the most time was the U.S. Three-Point proposal which had been drafted in the form of one resolution with three sections. In introducing this new draft the Americans said they did not have any firm ideas yet as to whether they would submit one resolution or three, and, in fact, their attitude throughout the discussion of this item showed that the State Department were still fairly malleable concerning the details of this draft resolution.

3. Bancroft and Raynor explained that the U.S. proposal was based on the assumption that we did not wish to drive Russia out of the United Nations at the next Assembly and that an amendment to the Charter seemed impossible. For this reason the U.S. considered their proposal as being the most practicable device for strengthening the ability of the General Assembly to take action against future aggression without, however, having the effect of forcing out the Russians.

4. Reid said we had general sympathy with the State Department's approach and that we had always considered the General Assembly a second line of defence in

political and security matters if the first line, the Security Council, proved inadequate. He agreed that we should concentrate on measures to strengthen the Assembly at the next session. He emphasized that such measures would not be successful unless they secured the support of additional potential allies — particularly the non-Communist Asian states. Reid summed up our position by saying there were three limitations which govern any measures submitted for strengthening the General Assembly at this session:

(a) amendments to the Charter would not be possible;

(b) we should not take action which would drive the Russians out;

(c) we must increase our alliance potential and, hence, must draw up proposals which would secure the support of such states as Sweden and India.

5. For the U.K. Coulson said that their position was so far very tentative. He emphasized, however, that the U.K. were not anxious to give up the veto in the Security Council, and for this reason had misgivings concerning the first section of the U.S. draft resolution. The U.K. might be more favourably disposed towards a simple proposal to amend the Assembly's rules of procedure in order to make possible an emergency session within twenty-four hours. Speaking generally, Coulson said that his Government were not yet "sold" on the U.S. proposal, as they considered that it might well have the effect of driving the Russians out of the U.N.

In the subsequent discussion in detail the following comments were made.

SECTION A

6. Reid suggested that it might be better to take out from Section A the provisions relating to a change in the Assembly's rules of procedure, and to treat these as a simple amendment to the rules of procedure. Perhaps all that was necessary was to amend Rule 8 regarding the summoning of special sessions. In answer to a question from Raynor he explained that we thought such a procedure would be likely to obtain the maximum support of the Assembly, as there might be a good many states prepared to support such amendments to the Rules of Procedure, which would not support some of the other paragraphs of the draft resolution. The Americans replied that, in their view it was important to make clear the significance of the proposed changes in the Assembly's rules of procedure in order to demonstrate that efforts were being made to make the U.N. effective in spite of Soviet obstruction. Ross added that the U.S. Delegation were getting two to three thousand letters a week asking them why the Russians were not thrown out of the U.N. Reid said he had not intended to suggest that all the first section should necessarily be deleted, but that it might simply approve revisions in the rules as set forth in an annex to the resolution. The Americans said that they would approach this with an open mind.

7. Reid added that the reference to the Security Council's inability to act "because of the veto" in the first paragraph of Section A might raise difficulties unless the Council's rules of procedure were altered. For example, the present deadlock in the Security Council did not arise from the veto, but rather because the Council's rules did not now prevent the President from refusing to bring a question to the vote. If the reference to the veto remained in Section A, an amendment to the Council's rules would be needed to ensure that a vote could be forced by a majority of mem-

bers after a reasonable time. Reid's final point on Section A was that we doubted the value of bringing in the Interim Committee in paragraph 2, as this would probably delay the summoning of an emergency session of the Assembly. The Americans said they would consider this point.

SECTION B

8. Reid said our general approach to this section was that it might be better merely to despatch observers to countries requesting them, and that such requests should only be accepted from countries which considered themselves in clear and present danger of aggression. Was not the broad language in the present section dangerous in that "serious international tension" might develop in many parts of the world without, however, warranting the despatch of a commission of the Assembly or of observers? Reid added that in this section, as in section A, we had doubts as to the wisdom of bringing in the Interim Committee. Perhaps the best procedure might be to have the question of despatching such a commission left with any seven members of the Security Council, or, if this would raise constitutional difficulties, a committee of the General Assembly composed of the eleven states which were on the Council. The Americans said that they would approach these questions also with an open mind, but added that they were still inclined to favour using the Interim Committee for this purpose. They agreed that the language of the section might be too broad in its present form. To a query from Reid as to whether the first request for such a commission might not come from Formosa, the Americans made no comment.

SECTION C

9. Bancroft emphasized that the draft resolution's reference to national contingents being designated by member states did not mean that the State Department had abandoned the idea of a "foreign legion". He added that the United States thought this question needed further study and it would be one of the questions which the proposed Ad Hoc Committee might examine. Reid said we had doubts as to the value of such an Ad Hoc Committee and thought the questions it was asked to study could be better examined by a technical group of experts appointed by the Secretary-General rather than by a group of national representatives. The Americans said they preferred the idea of a committee of national representatives as they considered these questions to be essentially political rather than technical. Ross added that, while all three sections of the U.S. proposal must be considered as tentative at this stage, this was particularly true of Section C.

. . .

262. DEA/5475-DW-11-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

DESPATCH V-1061 Ottawa, August 30, 1950

SECRET

PROPOSED GENERAL ASSEMBLY RESOLUTION ON PEACE AND SECURITY

I enclose three copies of a draft resolution dated August 30 on peace and security.† This draft resolution is based on the United States draft resolution which was discussed at your meeting in New York on August 25.

2. I should be grateful if you would immediately give a copy of our new draft to the United Kingdom and United States delegations in New York. You should inform them that we are also sending copies direct to their governments through our missions in London and Washington. The Foreign Office and the State Department will be receiving the text of our draft resolution on Friday, September 1.

3. In giving the enclosed draft to the United Kingdom and United States delegations, you might indicate the main differences between our draft and the United States draft of August 25 and explain our reasons for suggesting these changes.

4. Part A of the United States draft has in our draft become paragraph 12 and the Annex, setting forth revisions of the rules of procedure of the General Assembly. Part B of the United States draft is covered in paragraph 6 of our draft. Part C of the United States draft is covered in paragraphs 7 to 10 of our draft.

5. Perhaps the chief difference is that we propose the establishment by the Assembly of a Commission on Peace and Security. The establishment of this Commission would, in our opinion, make it unnecessary to establish the two new bodies mentioned in the United States resolution — a General Assembly Peace Reconnaissance Commission and an Ad Hoc Committee to study and report on the organization, under the auspices of the Assembly, of collective action. It would also make it unnecessary to refer in the proposed revisions of the rules of procedure of the Assembly to a request for a special emergency session from "any seven members of the Security Council". Instead, we suggest that such emergency sessions could be summoned within twenty-four hours of the receipt by the Secretary-General of a request for such a session from the Commission on Peace and Security.

6. You will note that the language of paragraphs 1 and 2 of our resolution establishing the Commission and determining its membership follows very closely the language used by the Assembly in establishing the Atomic Energy Commission.

7. Another substantial difference between our draft and the United States draft is that we suggest in paragraph 6 of our draft that it would be sufficient, for the present at least, if the Commission on Peace and Security were authorized to despatch observers to a state which considers itself to be in clear and present danger of

aggression. The United States draft contemplated that the Peace Reconnaissance Commission, or sub-commission thereof, might itself go to such an area. In our opinion it would be sufficient, in most cases, if observers were sent. If the presence of a Commission or Sub-Commission were desirable, then the General Assembly's Commission on Peace and Security could immediately have a special session of the Assembly summoned to authorize the despatch of a Commission or Sub-Commission.

8. Under paragraph 6 of our resolution, the observers will be sent only at the request of a state which considers itself to be in clear and present danger of aggression. This is narrower than the language used in the United States draft — "any area in which international conflict or serious international tension develops". We think it wise to make this limitation for the present at least, since the limitation would lessen the danger of the United Nations having to turn down requests from states for observers where they are not really required.

9. Under Part C of the United States draft, the Assembly would appoint an individual as "United Nations Military Coordinator" to consult on its behalf with the Member States who wish to establish within their national armed forces a United Nations Unit or Units and to assist these states in the organization, training and equipping of such units. The United States draft then went on to establish an Ad Hoc Committee consisting of representatives of designated states to study and report to the General Assembly on the whole question of the organization of collective action by the General Assembly. In paragraph 9 of our draft we assign these responsibilities to the Secretary-General, acting in consultation with the Commission on Peace and Security, and, in order to assist him in discharging this responsibility, we suggest in paragraph 10 of our resolution that the Secretary-General be authorized, with the concurrence of the Commission on Peace and Security, to secure the services of one or more military experts of international reputation. This would make possible the appointment by the Secretary-General of a United Nations Military Coordinator, if the appointment of such a Coordinator is found to be necessary. A Coordinator, since he would be appointed by the Secretary-General and not by the Assembly, would be subordinate to the Secretary-General. This would be in accordance with the principle, which we consider to be as important in international affairs as in national affairs, that the military arm be subordinate to the civil arm of government.

10. The language of paragraph 10 of our resolution would also make it possible for the Secretary-General to secure the services of one or more military experts to make the studies listed in sub-paragraph (b) of paragraph 9 of our resolution. We think that these studies could more effectively be carried on by experts acting in their individual capacities than by persons appointed by governments, as suggested by the United States. The kind of experts we would have in mind would be persons of the calibre of Lord Alexander and Admiral Nimitz. It might be that only one expert would be required, or it might be that it would be desirable to appoint three — one from the United Kingdom, one from the United States, and one from France.

11. There is one final point. We have suggested that the Commission on Peace and Security might be composed of one representative of each of those states represented on the Security Council and India, when that state is not a member of the Security Council. (This would be in accord with the precedent established by Canada's permanent membership on the Atomic Energy Commission.) The reason we have suggested this is that we consider it is important that democratic Asia be well represented on a Commission which, of necessity, will have to consider difficult Asian problems.

12. This would mean that normally three of the twelve members of the Commission would be representatives of Asian states (China, India, and a non-permanent member such as Turkey or an Arab state). Three out of twelve would certainly not be disproportionate and when a representative of Communist China is eventually seated in the Commission, the presence of a representative of the leading democratic state in Asia might be particularly helpful.

13. In addition to discussing with the United Kingdom and the United States representatives these differences between our draft resolution and the United States draft, it might be useful if you were to discuss informally a number of other points.

14. The Deputy Under-Secretary has informed me that you suggested to him yesterday that the passage by the General Assembly of a resolution along the lines of the enclosed might provide an occasion for the Assembly terminating the Interim Committee, since it could be argued that the main purposes for which the Interim Committee was established would be accomplished by the establishment of a General Assembly Commission on Peace and Security and by a procedure for calling special sessions of the Assembly on twenty-four hours' notice. There seems to be much merit in the suggestion which you have made and I think it would be useful if you were to take it up with the United Kingdom and United States delegations.

15. You also raised with the Deputy Under-Secretary the question whether Canada might be prepared to sponsor or be a co-sponsor of a resolution along the lines of the enclosed.

16. I would not wish to be put in a position of pressing to sponsor or to co-sponsor such a resolution. There appear, however, to be a number of pretty strong reasons why it might be wiser for the United States not to be the sponsor or a co-sponsor, particularly since sponsorship by the United States would increase the danger that the debate on the resolution might appear to be a struggle between the United States and the Soviet Union. Consequently, if it should be felt that Canada might usefully be a sponsor or co-sponsor of the resolution, I would be prepared to give this proposal sympathetic consideration and to take it up with my colleagues.

17. I enclose a copy of the United States draft resolution which was circulated in New York on August 25 at the confidential and informal U.K.-U.S.-Canadian pre-Assembly talks.[36]

18. I am sending to our High Commissioner in London and our Ambassador in Washington a copy of this despatch and of the enclosures and am asking them to

[36] Voir le document 260./See Document 260.

transmit immediately to the Foreign Office and the State Department a copy of the Canadian draft resolution.

L.B. PEARSON

263. DEA/5475-DW-11-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 648 New York, September 8, 1950

SECRET. IMPORTANT.

Repeat Washington No. 133.
Reference despatch V-1061 of August 30 — proposed General Assembly resolution on peace and security.

1. I spoke yesterday to Coulson of the United Kingdom delegation about the draft resolution on peace and security. He said that the United Kingdom Cabinet had now discussed the proposed draft resolution, and United Kingdom views had been reported to the United States delegation. According to Coulson, United States authorities have been told that United Kingdom Government could not (repeat not) accept part A of the United States draft resolution because they considered that it embodied so direct an attack on the position of the Security Council that it would drive the Soviet Union out of the United Nations. They also were concerned about the fact that part A might have the result of making the more responsible members of the United Nations vulnerable to irresponsible action in the Assembly. The United Kingdom Government would accept part B of the resolution, practically as it stands, and they would also accept part C in modified form. They did not think that the idea of a United Nations "Foreign Legion" could safely be developed at the present moment, but they were willing to support that part of the resolution requesting members to maintain armed forces available for prompt service on behalf of the United Nations.

2. Coulson then said that consideration had also been given to the Canadian redraft of the resolution. The United Kingdom found this redraft to be considerably more objectionable than the United States resolution, and they very much hoped that we would not press it. He said that our proposal to parallel the Security Council with an Assembly Commission of the same membership plus India would strengthen the assumption that we were replacing the Security Council with an alternative body and would increase the likelihood that the U.S.S.R. would for this reason pull out of the Assembly. He said also that, while the United States draft limited the proposed Commission to act in cases where the veto had been applied, no such limitation existed in our draft, and this would increase the danger of the Assembly acting in an irresponsible way which some members of the United Nations could not accept. In regard to the development of United Nations forces, he

said that on the whole they would prefer to have this done by political bodies, as suggested in the United States draft, rather than by officials appointed by the Secretary-General. I formed the impression that Coulson was reporting official views only concerning the Canadian re-draft, and that only the United States draft had been considered by the United Kingdom Government.

3. I told Coulson that it seemed to us that some resolution of this kind would certainly emerge from the Assembly, and that if we were not careful we would find ourselves confronted with some loosely worded proposal along the lines of the Chilean statement. This being the case, our principal concern was that we should then secure the concurrence of other responsible states, and in particular India. I said that as far as our draft was concerned, I thought our intention had been to limit the effect of the original United States draft by making the wording more precise and by endeavouring to remove possible conflicts in jurisdiction between the Security Council and the proposed Commission. If we made the membership parallel, or almost parallel, we would in effect be making certain that the Assembly Commission would not act until the Security Council had exhausted its resources. If, alternatively, we made the membership of the Security Council and the proposed Commission differ in any marked degree, there would be a real danger of competition for jurisdiction. Finally I said that I thought it of great importance that we should get in early with the draft resolution upon which a number of responsible states had agreed, in order to avoid a position in which we would have to work on the basis of some loose and unsatisfactory draft put in by the Chileans or some other delegation.

4. Coulson seemed completely unconvinced by the explanations which I had given on our draft resolution, and repeated his earlier statement that the United Kingdom Government would not be able to accept it. As far as drafting was concerned, he said that the United Kingdom Cabinet had not yet finished its consideration of part 3 of the American resolution, and would not discuss it again until Monday next. It would therefore be difficult for them to do any drafting before the Assembly, although he appreciated the importance which we attached to getting in an early draft.

264. DEA/5475-DW-11-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 658 New York, September 12, 1950

SECRET. IMPORTANT.

Repeat Washington No. 137.

PROPOSED GENERAL ASSEMBLY RESOLUTION ON PEACE AND SECURITY

1. Most of the discussion at yesterday's informal meeting with the United Kingdom and United States officials was on this subject. My immediately following teletype† reports on the other matters that came up in yesterday's discussions.

2. The discussion demonstrated that the points of difference between the three groups of officials were not as great as might have appeared from some of the messages which we have received from the British, though the United Kingdom representatives made it clear that on a number of points they still had not received precise instructions from their Government.

3. Though the United Kingdom officials still expressed considerable hesitation over Part A of the United States resolution, and over the corresponding sections of our resolution, they agreed that some action must be taken at this session of the Assembly to enable the Assembly to be called together quickly in the event of an emergency. The United Kingdom officials considered it was desirable to play down the importance of the necessary changes in the rules of procedure of the Assembly rather than to dramatize them as the Americans do in their draft resolution. The Americans still feel, however, the necessity to dramatize the proposed changes.

4. The Americans were not able to bring before us a text of the revisions which they would like to see made in the rules of procedure of the Assembly. We said that if it were felt that our proposed new rule 8(a) was too broad it could be changed to read: "If the Security Council, because of lack of the unanimity of the permanent members, fails to exercise its primary responsibility for the maintenance of international peace and security in case of a breach of the peace or an act of aggression, special sessions of the General Assembly may be summoned to meet within twenty-four hours of the receipt by the Secretary-General of a request for such a session from _____ ". This seemed to be regarded as a useful compromise.

5. The British felt strongly that the Interim Committee should not, by mere majority vote, be permitted to summon such a special emergency session of the Assembly, since the bare majority of the Interim Committee would not constitute a majority of the Assembly as required under Article 20 of the Charter. They agreed that their point could be met if the request of any member of the United Nations to summon a special emergency session was concurred in by a majority of the members of the United Nations, this concurrence being expressed either in the Interim Committee or in other ways.

6. On Part B of the American resolution, the Americans agreed that their language, under which the Commission or observers might be sent to "any area in which international conflict or serious international tension develops" was too broad. They considered that our language about a "clear and present danger of aggression" was too narrow and could also be criticized as being merely another way of referring to a threat to the peace, which it is the function of the Security Council to consider. After discussion, it was generally agreed that a possible compromise might be to refer to "any area in which international tension develops, the continuance of which is likely to endanger the maintenance of international peace and security." We reiterated what we had said in the memorandum accompanying

our re-draft, that we were not inflexible in our proposal that only observers be sent and not the Commission or a Sub-Commission.

7. The Americans appeared anxious, at least for this session of the Assembly, to retain the Interim Committee and to use it for the purpose of Part B of their resolution. They realize that Part B of their resolution would need re-drafting since it was absurd that the Interim Committee would have the right to despatch the Reconnaissance Commission whereas there was no reference in the resolution to the right of the parent body, the General Assembly, to despatch the Commission or Sub-Commission or observers.

8. The Americans drew our attention to the fact that our draft provided that observers could be sent only at the request of the State concerned, whereas their draft referred to the invitation or "the consent" of the State concerned. They put up the argument for using their language that the State might not be willing to initiate a request for observers but might be happy to acquiesce in a proposal that observers be sent. This argument struck us as having a good deal of force.

9. The Americans said that they did not like the title they had suggested for the Commission, i.e., "General Assembly Peace Reconnaissance Commission" but no-one could for the moment think of a better title. On the number of members of the Commission they said that they were not wedded to nine members, and that anything from 9 to 14 would seem to them reasonable.

10. Neither the British nor the Americans liked our suggestion that the Commission would have the same membership as the Security Council plus perhaps India, and we did not press it. The British had no instructions on Part C of the American resolution and Coulson, the principal British representative, was, therefore, able only to express his personal views.

11. We said that our paragraph 8 incorporated the second paragraph C of the American resolution with one change which we had made in an effort to make it more palatable to the United Kingdom but we ourselves preferred the language of the American draft.

12. The Americans had done some re-drafting of their paragraph on the United Nations Military Co-ordinator and their suggestion is now that the Military Co-ordinator should be appointed by the Secretary-General "with the approval of the ad hoc Committee" referred to later in their resolution.

13. They were also willing to consider calling this official the United Nations Military Advisor rather than Military Coordinator.

14. The Americans contemplated an ad hoc Committee consisting of representatives of about 15 States to undertake the studies set forth in the American draft resolution. The compromise which the Americans appeared to be willing to make with our position was that the ad hoc Committee would conduct its studies "in consultation with" the United Nations Military Coordinator and, possibly, with the Secretary-General. The Americans also agreed that the terms of reference of the ad hoc Committee should include the item mentioned in our draft but not in theirs concerning "methods for the early establishment of a United Nations police division of volunteers recruited individually by the United Nations". Coulson of the United Kingdom group said that, while he had no final instructions on this, his

people had grave doubts of the wisdom of establishing a United Nations "Foreign Legion".

15. You will see from the above that the Americans are still strongly of the opinion that it would be desirable for the Assembly to set up two bodies — one a "Reconnaissance Commission" and the other their ad hoc Committee. We said that we doubted whether you would wish to press our view at this session of the Assembly and the Americans indicated that they did not rule out the possibility, at some future session of the Assembly, of establishing a Permanent Bureau of the Assembly which might do the work both of the proposed Reconnaissance Mission and of the ad hoc Committee, and might also have power to summon special emergency sessions of the Assembly. The Americans are going to try their hand at doing a new draft of their resolution in the light of yesterday's discussions and hope to be able to show it to us today (Tuesday). It may contain alternative drafts of certain provisions.

16. Their present thought is that they should be one of the co-sponsors of the resolution, and that they would like to associate with them as co-sponsors, the United Kingdom, ourselves and, they would hope, a Western European (possibly the Netherlands), a Latin American (possibly Chile), India and perhaps a Middle Eastern State. We, of course, did not commit you to co-sponsor the resolution.

265. DEA/5475-DW-11-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 670 New York, September 13, 1950

SECRET. IMPORTANT.

Repeat Washington No. 143.

1. Reference my teletype No. 662 of 12th September† — revised text of United States draft resolution on united action against aggression.

2. In comparing this new text of the United States draft resolution with the previous United States text (my teletype No. 601 of 25th August) I would like to draw your attention to the following points.

(a) *The preamble*

The first, third, fourth and fifth paragraphs in the preamble of the new United States text repeat, in slightly different form, the first, second, third and fourth paragraphs in the preamble of our own draft resolution. The second paragraph of the new preamble corresponds with the second paragraph in the former United States text (this paragraph had not been included in the preamble of the Canadian draft). The fifth paragraph of the new preamble corresponds not only with the fourth paragraph in the Canadian preamble but also with the third paragraph in the preamble of the original United States text. The sixth paragraph of the new pream-

ble includes the second phrase in paragraph 1 of Part A of the former United States text. I understand that the reason the United States delegation have moved this phrase from Part A into the preamble is in order to meet suggestions that the preamble itself should contain all the "window dressing" necessary for the entire resolution.

(b) *Part A*

In paragraph 1 of the new Part A, the phrase "because of the veto" has been altered to read "because of lack of unanimity of the permanent members". This is in line with the suggestion made by us at the three-Power meeting on 11th September (see para 4 of my teletype No. 658).

Paragraph 1(b) in the new text has now been drafted in a manner which makes it clear that the request of any member of the United Nations to summon an emergency session of the Assembly must be concurred in by a majority of the whole membership of the United Nations before such an emergency session shall be summoned. This change was made primarily due to the point made by the United Kingdom delegation that a majority of the Interim Committee might not be equivalent to a majority of the full United Nations membership. (See paragraph 5 of our teletype No. 658.)

Paragraph 2 of Part A in the new text is similar to paragraph 12 in our own text. The United States delegation have informed me that they have not yet studied in detail the proposed changes in the rules of procedure contained in the annex to the Canadian draft, but I have no reason for believing that their own views on the necessary changes in the rules of procedure will differ substantially from ours.

(c) *Part B*

In paragraph 3 of Part B of the new text you will notice that the name of the proposed Commission has been altered to read "General Assembly Peace Patrol Commission". This paragraph also includes a reference to the General Assembly itself despatching the Commission or observers from the Commission, whereas the previous text referred only to the Interim Committee despatching the Commission of Observers. (See paragraph 7 of my teletype No. 658). The new paragraph 3 also alters the words "any area in which international conflict or serious international tension develops" in the former text to read "any area in which international tension develops, the continuance of which is likely to endanger the maintenance of international peace and security". This change is also based on agreement reached at the three-Power meeting on 11th September, (paragraph 6 of teletype No. 658).

Paragraph 4 of the new text authorizes the Interim Committee to despatch the Commission or observers and repeats substantially the language in the second paragraph of Part B of the former text. However one change has been made. The new text refers to the Interim Committee sending the Commission "to any area where in the view of the Interim Committee such tension exists". The former text referred to the Interim Committee despatching the Commission or observers "to any area where the Interim Committee deems their presence useful". The new language is thus less broad than the previous draft.

In the second phrase in paragraph 4 of the new text an important change has been made. The previous text stated that the Interim Committee should act in

accordance with its terms of reference as given in resolution 295 (iv) "except that its decisions shall be made by a majority of members present and voting." The next text deletes this exception. This deletion has presumably been made to meet the point stressed by the United Kingdom delegation that the Interim Committee should act in this matter only by a two-thirds majority vote. Resolution 295 (iv) states in paragraph 2(e) that the Interim Committee may "conduct investigations and appoint Commissions of inquiry" but that decisions to conduct such investigations or inquiries require "a two-thirds majority of the members present and voting".

Paragraphs 5 and 6 in the new text repeat the wording in the last two paragraphs of Part B in the former text.

(d) *Part C*

Paragraph 7 in the new text is the same as the first paragraph in Part C of the former text. Paragraph 8 is also the same as the second paragraph in Part C of the former text. In paragraph 9 an important alteration has been made. The new text "requests the Secretary-General of the United Nations to appoint, with the approval of the ad hoc Committee provided for in paragraph 10, a United Nations military adviser". The former text would have had this official appointed directly by the General Assembly. The alteration in the designation of this officer from "military coordinator" to "military adviser" has been made in conformity with the suggestion made at the three-Power meeting on 11th September, (paragraph 13 of teletype No. 658).

Similarly in paragraph 10 an alteration has been made to make it clear that the studies to be undertaken by the proposed ad hoc Committee shall be done "in consultation with the Secretary-General and with the United Nations military adviser". This change also meets the point made by us at the three-Power meeting on 11th September (paragraph 14 of teletype No. 658).

This paragraph contains a clerical error in that it refers to the "ad hoc Political Committee". The word "political" should be deleted. I would prefer some other title for this Committee.

Paragraph 10(c) is an addition which meets the point in paragraph (9)(b)(III) of the Canadian text that studies should also be undertaken regarding "the early establishment of a United Nations police division of volunteers."

Paragraphs 11 and 12 correspond to the last two paragraphs in the previous United States draft.

3. My own impression is that the United States delegation has gone a long way to meet the points which we regarded as important, and that in doing so they have materially improved the text. The United States delegation have emphasized that this new text has been prepared only "on the official level" and that they have not yet had the opportunity of receiving clearance on it from the Secretary of State. I would appreciate your comments on this new text.

266. DEA/5475-DW-11-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM 510 Ottawa, September 14, 1950

SECRET. IMPORTANT.

Repeat Washington EX-1624.
Following from Acting Under-Secretary. Your teletypes No. 662 of September 12† and 670 of September 13 concerning the revised United States draft General Assembly resolution on united action against aggression.

I agree completely with your impression that the United States delegation has gone a long way to meet the points which we regarded as important and that in doing so they have materially improved the text. Since they have gone so far to meet our position my feeling is that we should, for the present, not press them to make further substantial changes but should content ourselves with suggesting some minor, mostly drafting, improvements. The sooner these can be given to them the better since a resolution of this kind begins to jell pretty quickly. The following suggestions have occurred to me:

1. The term "United Nations Military Adviser" in paragraphs 9, 10 and 11 is an improvement over "United Nations Military Coordinator". It might however be still better if the official were called "United Nations Military Secretary".

2. The language in the middle of paragraph 1 could be improved. It reads in part as follows: "shall meet in special emergency session which shall be called by the Secretary General and convened within twenty-four hours of the receipt of a request". The word "convened" can mean both "summoned" and "meet". Due to this ambiguity it was decided three years ago never to use it in the Rules of Procedure of the Assembly. I suggest that the phrase which I have quoted might therefore read "shall meet in special emergency session within twenty-four hours of the receipt by the Secretary General of a request". The duty of the Secretary-General to summon a special emergency session can be dealt with in the revision of the Rules of Procedure.

3. Paragraphs 3 seems to require some revision. As it now stands the General Assembly can only despatch the Peace Patrol Commission, whereas under paragraph 4 the Interim Committee can despatch either the whole Commission or Sub-Commission thereof or observers selected by the Commission. It seems to me that it would be necessary to carry this same thought over to paragraph 3.

4. The last sentence of paragraph 4 states that the Interim Committee shall act in accordance with its terms of reference as set forth in Resolution 295 (IV). In order to understand what this means, people will have to look up Resolution 295 (IV). This kind of legislation by reference is bad in principle and in a resolution of this importance is, I think, undesirable. If the purpose of including this sentence is to

provide that a resolution in the Interim Committee to propose a commission, etc., requires a two-thirds majority, it would be better to say so. This would mean deleting the last sentence of the present paragraph 4 and inserting after the words "authorizes and requests the Interim Committee of the General Assembly" the words "by a two-thirds majority of the members present and voting".

5. I agree with you that it would be better if the Ad Hoc Committee established in paragraph 10 could be given some other title. I wonder if it might not be called "Committee on Collective Action".

6. In order to facilitate reference to the draft resolution in debate, it might be useful if the paragraphs of the preamble were numbered from one to six.

7. It looks a little odd to have the words "General Assembly" appear three times at the beginning of parts A, B & C. One way to avoid this would be to put the words "General Assembly" between the preamble and part A, since it would then apply to all the following paragraphs.

267. DEA/5475-DW-11-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 40 New York, September 29, 1950

SECRET. IMPORTANT.

Following for Reid from Riddell, Begins: My immediately following teletype† contains current draft of United States resolution which now bears the title "Uniting for Peace". This revision is one agreed between Dulles, acting for the United States delegation, and the United Kingdom delegation.

2. At the insistence of the United Kingdom delegation, United States has now dropped the provision by which the General Assembly could meet in emergency special session on the call of a majority of members of the United Nations (paragraph 1). All that remains is a provision that the General Assembly may be called into emergency special session at the request of any seven members of the Security Council. This, however, appears to us to be directly contrary to the provisions of Article 20 of the Charter, which states that special sessions shall be convoked at the request of the Security Council or a majority of members of the United Nations. Paragraph 1 of the resolution must therefore either be regarded as an amendment of Article 20 of the Charter or as a direction to the Security Council that a resolution to summon a special assembly is a procedural one which can be carried by the vote of any seven members.

3. The provision in earlier drafts by which the Assembly could be called into special emergency session by a majority of the members of the United Nations has been dropped by the Americans under pressure from the British, who do not wish to put the Assembly in the position where it can meet quickly, because they are

afraid of an irresponsible recommendation in the Assembly. They are afraid that, for example, if there were a Soviet invasion of Finland, the General Assembly might be called into immediate session, and in the emotional stress of the moment, recommend that military assistance be sent to the Finns at a time when that was clearly impractical.

4. It seems to me that the present draft in regard to the calling of a special emergency session is quite unsatisfactory, and I hope that we shall have the opportunity to discuss it further with the United States and United Kingdom delegation at an early stage. It may be that we are led back to our original suggestion that all the resolution need contain is an amendment in the rules of procedure which would make it possible for the special session as provided in Article 20 to meet within twenty-four hours rather than two weeks. This would avoid the challenge on constitutional grounds which can be made to the present wording, but would not, of course, overcome the apprehensions of the United Kingdom concerning an emergency special session summoned by a majority of members.

5. The third subparagraph of paragraph 10 has been omitted by the Americans on the insistence of the United Kingdom delegation. We shall have now to decide whether we wish to re-insert this subparagraph in spite of United Kingdom and United States objections.

6. I shall try to follow up the drafting points mentioned in your teletype No. 34 of September 27th.†

7. You may have an opportunity to discuss with the Minister when he is in Ottawa this weekend point raised in paragraph 1 of your teletype No. 42 of September 29th.† Ends.

268. DEA/5475-DW-11-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 69 Ottawa, October 4, 1950

SECRET. IMMEDIATE.

Following for Riddell from Reid, Begins: Your teletypes Nos. 40 and 41† of September 29 on the United States draft resolution "Uniting for Peace".

1. I have discussed with the Under-Secretary and the Legal Division your concern that paragraph 1 of the resolution enabling any seven members of the Security Council to call an Emergency Special Session is directly contrary to the provisions of Article 20 of the Charter. We agree with you that it would be extremely difficult, if not impossible, to reconcile this provision with the Charter.

2. The only way out which has occurred to us is that the resolution should provide that any seven members of the Security Council may request the Secretary General to summon an Emergency Special Session; the Secretary General should immedi-

ately inform the other members of the United Nations of the request and enquire whether they concur in it; if a majority of the members inform him that they favour an Emergency Special Session, the Secretary General should summon it to meet within twenty-four hours.

3. The advantage of this proposal to the British is that an Emergency Special Session could only be held with the approval of seven members of the Security Council. If seven members cannot be found to favour such an Emergency Special Session then the present rules of procedure 8 and 9 on special sessions would apply, which require fifteen days instead of twenty-four hours.

4. It seems to me that the present text of paragraph 8 of the United States draft resolution meets the objections to the language about "designated units" which I mentioned in my teletypes Nos. 17† and 18† of September 23.

5. You will recall that in our first discussions on this resolution with the British and the Americans at the end of August we all considered that the extent to which the Assembly should go at this session in passing a resolution of this kind was limited by the necessity of carrying countries like India along with us. Consequently, my feeling is that the utmost efforts should now be made to find out from the Indians what amendments in the draft resolution would be required in order to make it possible for them to support it.

6. It may be that in order to get their support for the necessary changes in the rules of procedure Part A should come out of the resolution and be made into a special resolution which would merely set forth the required revisions in the rules of procedure. Surely it is more important to get the revisions made in the rules of procedure by a substantial majority than to get them made with a blare of trumpets by a small majority.

7. If the Indians remain sticky about Part C of the resolution, you might wish to discuss with the Minister the possibility of his sending a message to Mr. Nehru through our Mission in New Delhi. It is hard for us here to comprehend what the nature of the Indian objections to Part C would be.

8. There is one comment which I made on paragraph 8 in my previous telegram setting forth some drafting points which is more than a drafting point. This is the use in paragraph 8 of the term "upon call by the Security Council". The word "call" is a term of art in the Charter and is never used except in a mandatory sense. If it is retained in paragraph 8 it will undoubtedly give rise to misunderstandings. Already these misunderstandings exist. Thus the Winnipeg *Free Press* in its editorial of September 28 said: "It must be clearly understood that Mr. Acheson's proposal is for a mandatory United Nations force. The member nations would commit their forces in advance to United Nations service and the force would be sent into action by order of the U.N. and without prior permission from the member nations".

8. My understanding is that neither we nor the Americans are proposing that national units will be sent into action by order of the United Nations and without prior permission from the member nation concerned. It is therefore I suggest important that paragraph 8 be amended to conclude in some such way as "upon recommendation by the Security Council or by the General Assembly".

269. DEA/5475-DW-11-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 59 New York, October 4, 1950

SECRET. IMPORTANT.

Reference previous correspondence, United States draft resolution regarding "Uniting For Peace".

1. An informal meeting took place at 9:30 p.m., 3rd October, in the offices of the United States delegation to consider their latest draft resolution on this subject (our teletype No. 41 of 29th September†). Present were representatives from Belgium, Canada, Denmark, France, Lebanon, Turkey and the United Kingdom. Dulles acted as Chairman. Ritchie and Carter attended for us.

2. As the meeting developed, it became clear that the Western European states still have serious reservations regarding parts A and C of the United States draft resolution. Throughout the meeting the representatives of these delegations made clear their misgivings that these sections of the resolution tended to go too far in transferring to the General Assembly the functions of the Security Council. It is now clear that there is a strong division of opinion between the United States, on the one hand, and the Western European States on the other, regarding the scope of the resolution. The United States delegation, as you know, wish to draft the resolution in a manner which will make it clear that the failure of the Security Council to act in case of aggression shall not prevent the Assembly from taking effective action. The Western European States, on the other hand, while prepared to accept Part B of the resolution regarding the Peace Observation Commission, wish to play down the idea of the General Assembly assuming, even in an emergency, the functions assigned to the Security Council. This division of opinion ran as an undercurrent through the discussion on points of detail at the meeting on 3rd October. The middle eastern representatives seemed generally inclined to agree with the cautious position expressed by the Western European representatives; and it appears evident that real support for this United States draft resolution is not so widespread as appeared to be the case, judging from the statements made in the general debate in the Assembly.

3. There was no discussion of the preamble. Regarding Part A of the resolution, the Belgian representative, Nisot, said his delegation did not like the first phrase in paragraph 1, as they did not wish to make it so explicit that the summoning of special emergency sessions of the Assembly would be due to the failure of the Council to exercise its functions. On this point, however, the United States delegation showed no inclination to compromise. The phrase in this sentence "with respect to a breach of the peace" was criticized by the United Kingdom delegation as implying a judgment of fact which could not have been validly made at the stage

when a special session of the Assembly was called. It seemed to be agreed that it would be preferable to use broader language such as "with respect to a threat to the peace". In regard to the last sentence in paragraph 1, Ritchie raised the point contained in our teletype No. 40 regarding the deletion of the provision by which the General Assembly could meet in emergency special session on the call of a majority of members of the United Nations. As you know, the new United States' text refers only to the General Assembly being called at the request of any seven members of the Security Council. Ritchie pointed out that we had misgivings as to whether the dropping of the former provision might not be contrary to the provisions of Article 20 of the Charter, which specifically refers to special sessions of the Assembly being convoked at the request of a majority of the members. In reply to this Dulles said that his delegation did not share our misgivings and considered that the "special session" referred to in Article 20 was a different matter than the "special emergency session" envisaged by the present resolution. In other words, his argument appeared to be that this concept of a special emergency session was a new idea which had not been contemplated when the Charter was drafted and that, in view of this the Assembly itself could decide in what manner such a session could be called.

4. Part B of the draft resolution caused little discussion and it is clear that this is the most generally acceptable portion of the resolution. So far as paragraph 3 was concerned, however, it seemed to be agreed that some language should be added that would make it clear that the General Assembly and the Security Council must act in accordance with the functions and powers assigned them in the Charter, when sending out the peace observation commission. By adding such language, it would be implicit that the Assembly and the Council could not arbitrarily send the commission to a state which had not consented to receive the commission.

5. In regard to paragraph 8 of Part C, Nisot pointed out that the words "upon the call of the Security Council" had a very specific meaning in the Charter and implied the conclusion of special agreements under Article 43. He argued that, in the absence of such special agreements under Article 43, the use of these words would cause legal difficulties. On this point Dulles expressed his delegation's view that Article 25 of the Charter made clear the obligation of states to give assistance on the call of the Security Council even if special agreements had not been entered into under Article 43. However, he did not oppose deleting the words "upon call" and our understanding is that the resolution will now refer only to a recommendation by the Security Council or by the General Assembly.

6. In regard to paragraph 8 Dulles also made one other important proposal. He referred to the position of states who had entered into regional agreements under Chapter VIII of the Charter and said that it was not the intention of the United States delegation to have paragraph 8 drafted in a way which would inhibit the rights possessed by every member to take individual or collective measures for self-defence. In this connection Dulles referred specifically to the position of states which were members of the North Atlantic Treaty. Accordingly, he suggested that an additional sentence be added to paragraph 8 to make clear that the United Nations units to be established by member states would also be available for individual or collective self-defence under Article 51 of the Charter. Bancroft remarked

that such a provision would meet the case of the Canadian Special Force. This proposal was generally supported.

7. In regard to paragraph 9, both the Western European and the Middle Eastern representatives expressed serious misgivings about the role of the Military Adviser. In answer to a question, Dulles made it clear that it was not the intention of the United States that there would be any compulsion on member States to accept this officer's advice, but rather that he would be a sort of "information center" who could supply advice upon request. Both the United Kingdom and French representatives indicated that they did not really see the need for such an adviser and that, despite Dulles' reassurances, they had misgivings about his functions. They suggested an alternative procedure by which each member of the "Collective Measures Committee" would appoint a national military adviser and thus form a Sub-Committee of military experts who could examine the more technical military details of the studies envisaged in paragraph 10. The United States delegation, however, did not show any inclination to accept this proposal.

8. The phrase "by special agreement or otherwise" in paragraph 10 was also discussed in some detail. Several representatives pointed out that the term "special agreement" had very specific connotations under Article 43 and that it would be preferable to delete the word "special". The United Kingdom representative also opposed the enumeration of categories of study as given in paragraph 10 and said that his delegation would prefer to have the paragraph drafted in a way which would not particularize these studies — i.e., by deleting all the words after "principles of the Charter". He stressed that, in any case, the United Kingdom considered the language of paragraph 10(a) much too broad. On this point Ritchie said we regretted that the former provision regarding the study of the "early establishment of a United Nations police division of volunteers" had now been deleted. He said that we still considered that this was one of the subjects which should be studied by the Collective Measures Committee. Dulles said he personally agreed with us on this point, despite the point of view of the United States military authorities that such an "international legion" was impractical. The United Kingdom and French representatives emphasized that their military authorities did not consider the idea of an "International Legion" as being practicable and would not welcome having it particularized as a special study to be undertaken by the Collective Measures Committee. Regarding paragraph 10, there was no firm decision on the various points raised, although it seemed to be generally agreed that the proposed Collective Measures Committee should have some latitude in the studies to be undertaken. Cohen of the United States delegation suggested that one alternative might be to redraft the paragraph in a way which would not particularize the studies but which would call on the Collective Measures Committee to study and report "on means, including the use of armed force, which are available or which might be made available, by agreement or otherwise, to the United Nations ...".

9. Speaking generally on Part C, the French representative said that his delegation still had misgivings regarding the whole section and that they were not yet convinced of the desirability of establishing the proposed Committee or of appointing a military adviser. He indicated that such a Committee would have too much the appearance of a Military Staff Committee and that it was premature at this stage to

adopt a practice which might have the effect of giving the USSR an argument for stating that the western democracies were trying to turn the Assembly into an anti-Communist military alliance. Dulles intervened to say that the United States delegation did not consider that for the next year this Committee would do anything more than study the questions assigned to it by the Assembly, and they did not regard it as in any sense a Military Staff Committee. The Western European representatives appeared to be somewhat reassured by this statement but it seems evident that this part of the resolution will be the most difficult for them to accept.

10. Before the meeting adjourned it was agreed that a further meeting should be held to consider the resolution and that, meanwhile, the United States resolution would prepare a new draft on the basis of the discussion. I shall send you the text of this redraft as soon as available.

270. DEA/5475-DW-11-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 79 Ottawa, October 6, 1950

SECRET. MOST IMMEDIATE.

Your teletype No. 59 of October 4, United States draft resolution "Uniting for Peace".

1. In view of the serious reservations which many States appear to have to Part A of the resolution, it seems to us that a strong argument can be made for deleting Part A from the resolution and substituting for it a separate resolution moving the necessary revisions in the rules of procedure of the Assembly. Such a resolution need have no preamble. The absence of a preamble might make the resolution less provocative in form.

2. We note from your teletype that the Belgian representative in the discussions did not wish to make it so explicit that the summoning of a special emergency session would be due to the failure of the Council to exercise its functions. Might it not be possible to meet the Belgian point by merely inserting in the rules of procedure provisions for calling an emergency session without setting forth any criteria which should govern the calling? The argument for this might be that it must be assumed that a majority of the Members of the United Nations including seven members of the Security Council would not concur in the calling of an emergency session unless there was good reason for the holding of such a session.

3. Under the present rules of procedure, the Security Council is empowered to summon a special session. It would look somewhat strange if the Security Council were not also given the power to summon an emergency session even though it is unrealistic to expect that all the five permanent members would favour the summoning of such an emergency session.

4. In order to assist you in your discussions of this question, we are sending you in the immediately following teletype† a draft of a resolution revising the rules of procedure. This resolution would replace Part A of the United States draft resolution.

271. DEA/5475-DW-11-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 81 New York, October 7, 1950

CONFIDENTIAL. IMMEDIATE.

Following for Reid from Riddell, Begins: My immediately following teletype contains draft of United States resolution on "Uniting for Peace" in its current form. Present text does not, as I had previously assumed, exclude possibility of assembly being summoned within twenty-four hours by a majority of members. Mention of this provision has been omitted from body of the resolution, but is contained in the Annex. I have checked the current draft with your telegrams No. 69 of October 4th and No. 42 of September 29th,† and it appears to me that the main points you raised have been met. Ends.

272. DEA/5475-DW-11-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 82 New York, October 7, 1950

SECRET. IMMEDIATE.

My immediately preceding teletype. Following is draft of United States resolution on "Uniting for Peace" in its current form. Text Begins:

"The General Assembly

Recognizing that the first purpose of the United Nations is 'to maintain international peace and security, and to that end to take effective collective measures for the prevention and removal of threats to the peace, and for the suppression of acts of aggression or other breaches of the peace, and to bring about by peaceful means, and in conformity with the principles of justice and international law, adjustment or settlement of international disputes or situations which might lead to a breach of the peace,'

Finding that international tension exists on a dangerous scale;

Recalling its Resolution 290 (IV) entitled "Essentials of Peace", and desiring to contribute further to the objectives of that resolution;

Reaffirming the importance of the exercise by the Security Council of its primary responsibility for the maintenance of international peace and security, and the duty of the permanent members to seek unanimity and to exercise restraint in the use of the veto;

Reaffirming the importance of the initiative of the Security Council in negotiating the agreements for armed forces provided for in Article 43 of the Charter;

Conscious that failure of the Security Council to discharge its responsibility on behalf of all the member states does not relieve member states of their obligations or the United Nations of its responsibility under the Charter to maintain international peace and security;

Recognizing in particular that such failure does not deprive the General Assembly of its rights, or relieve it of its responsibilities, under Chapter IV of the Charter in regard to the maintenance of international peace and security;

Recognizing that discharge by the General Assembly of its responsibilities in these respects calls for possibilities of observation which would ascertain the facts and expose aggressors; for the existence of armed forces which would be used collectively, and for the possibility of timely recommendations by the General Assembly to United Nations members for collective action which, to be effective, should be prompt.

A

1. Resolves that if the Security Council, because of lack of unanimity of the permanent members, fails to exercise its primary responsibility for the maintenance of international peace and security in any case where there appears to be a threat to the peace, breach of the peace or act of aggression, the General Assembly shall consider the matter immediately with a view to making appropriate recommendations to members for collective action, including when necessary the use of armed force, to maintain or restore international peace and security. If not in session at the time, the General Assembly may meet in emergency special session within twenty-four hours of the request therefor. Such emergency special session shall be called if requested by any seven members of the Security Council.

2. Adopts for this purpose the revisions in its rules of procedure set forth in the annex to this resolution.

B

3. Establishes a Peace Observation Commission which for the calendar years 1951 and 1952 shall be composed of (9-14 members) and which could observe and report on the situation in any area where there exists international tension, the continuance of which is likely to endanger the maintenance of international peace and security. Upon the invitation or with the consent of the state into whose territory the Commission would go, the General Assembly or the Interim Committee when the General Assembly is not in session may utilize the Commission if the Security Council is not exercising the functions assigned to it by the Charter with respect to the matter in question. Decisions to utilize the Commission shall be made upon the

vote of a two-thirds majority of the members present and voting. The Security Council may also utilize the Commission in accordance with its authority under the Charter.

4. The Commission shall have authority in its discretion to appoint sub-commissions and to utilize the services of observers to assist it in the performance of its functions.

5. Recommends to all Governments and authorities that they cooperate with the Commission and assist it in the performance of its functions.

6. Requests the Secretary-General to provide the necessary staff and facilities utilizing where directed by the Commission the United Nations panel of field observers envisaged in Resolution 297 (IV) B.

C

7. Invites each member of the United Nations to survey its resources in order to determine the nature and scope of the assistance it may be in a position to render in support of any United Nations measures for the restoration of international peace and security.

8. Recommends to the members of the United Nations that each member maintain within its national armed forces elements so trained that they could promptly be made available for service as a United Nations unit or units, upon recommendation by the Security Council or General Assembly, without prejudice to the use of such elements in exercise of the right of individual or collective self-defence recognized in Article 51 of the Charter.

9. Requests the Secretary General of the United Nations to appoint, with the approval of the Committee provided for in paragraph 10, a panel of military experts, to be available to be drawn upon by member states which wish to obtain technical advice regarding the organization, training and equipment for prompt service as United Nations units of the elements referred to in paragraph 8.

D

10. Establishes a Collective Measures Committee consisting of representatives of (10-14 members) and directs the Committee, in consultation with the Secretary General to study and report to the Security Council and the General Assembly, not later than September 1st, 1951, on the methods and resources, including armed force, which are available or which might be made available to the United Nations in order to maintain international peace and security in accordance with the purposes and principles of the Charter, taking account of collective self-defence and regional arrangements (Articles 51 and 52 of the Charter).

11. Requests the Secretary General to furnish the staff and facilities necessary for the effective accomplishment of the purposes set forth in Parts C and D of this resolution.

Annex for Resolution "Uniting for Peace"

The rules of procedure of the General Assembly are amended in the following respects:

1. The present text of Rule 8 shall become paragraph A of that rule, and a new paragraph B shall be added to read as follows:

"Emergency special sessions shall be convened within twenty-four hours of the receipt by the Secretary-General of a request for such a session from the Security Council or any seven members thereof, or of a request from a majority of the members of the United Nations expressed by vote in the Interim Committee or otherwise, or of the concurrence of a majority of members as provided in Rule 9."

2. The present text of Rule 9 shall become paragraph A of that rule and a new paragraph B shall be added to read as follows:

"This rule shall apply also to a request by any member for an emergency special session. In such a case the Secretary-General shall communicate with other members by the most expeditious means of communication available."

3. Rule 10 is amended by adding at the end thereof the following:

"In the case of an emergency special session convened pursuant to Rule 8-B, the Secretary-General shall notify the members of the United Nations at least twelve hours in advance of the opening of the session."

4. Rule 16 is amended by adding at the end thereof the following:

"The provisional agenda of an emergency special session shall be communicated to the members of the United Nations simultaneously with the communication summoning the session."

5. Rule 19 is amended by adding at the end thereof the following:

"During an emergency special session additional items may be added to the agenda by a two-thirds majority of the members present and voting."

6. There is added a new rule to precede Rule 65 to read as follows:

"Notwithstanding the provisions of any other rule, in case of an emergency special session the Assembly shall convene in plenary session and proceed directly to consider the item proposed for consideration in the request for the holding of the session, without previous reference to the General Committee or to any other committee unless the General Assembly decides otherwise." Text Ends.

273. DEA/5475-DW-11-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 130 New York, October 12, 1950

CONFIDENTIAL. IMPORTANT.

My telegram No. 115†: United Action for Peace.

As you will have noted from the teleprinter summary of yesterday's debate on this item, in which the representatives of thirteen nations took part, no new fundamental points of substance were brought out. All delegates that have spoken in the debate to date, save those of the Soviet Bloc and India (which has "reserved" its "final judgment") have expressed their approval in principle of the joint resolution. The Chilean resolution has not commanded any particular attention even from among Latin-American delegations.

2. It has been noticeable particularly in the statements made yesterday that the legal problems raised by the joint resolution have been relegated to a second place and it is more on political grounds that the delegations are taking their positions. Some delegations, such as New Zealand, would prefer to see the resolution go further but as Mr. Doidge put it, under present circumstances it would have to be accepted as the best and the most that can be achieved. Other delegations such as Syria and Pakistan, while approving the resolution in principle, expressed concern as to the legality of certain sections particularly Section A vis-à-vis the Charter. India and Ecuador inter alia expressed a desire to see certain phrases clarified, and spelled out in greater detail for the sake of precision and to avoid ambiguity of meaning. The details of these points will be available to you in the teleprinter summary and need not be mentioned in this telegram.

3. The Soviet Union has introduced two proposals. The first calls upon the General Assembly to recommend to the Security Council "that it should take the necessary steps to insure that the taking of the action provided by the Charter in case any threat to the peace or act of aggression is declared and to secure the peaceful settlement of disputes or situations likely to threaten the maintenance of international peace and security." The resolution further asks the Assembly to recommend to the Security Council that the Council should decide on measures to secure the rapid application of Articles 43, 45, 46 and 47 of the Charter relating to the placing of armed forces at the disposal of the Security Council by member States of the United Nations and to the effective operation of the Military Staff Committee. The second Soviet proposal asks the Assembly to recommend that, before armed forces are placed at the disposal of the Security Council under Article 43 of the Charter, the five permanent members of the Council should, under Article 106 of the Charter, consult together "for the purpose of taking such joint action on behalf of the Organization as may prove to be necessary for the maintenance of international peace and security." These resolutions are being forwarded to you by bag. Our first reaction is that no objection can be taken to that but I should be grateful for your comments. Lebanon and Egypt have also introduced amendments and they too are going forward by bag.

4. On the procedural side, two or three delegations have expressed the view that all the resolutions put forward together with amendments which have been or may be submitted should be referred to a sub-committee. The main reason put forward in this connection is that no hasty action should be taken on such an important matter without thorough consideration of all aspects, legal and political. Syria has even asked that a final decision be postponed for two or three weeks. It is conceivable if these resolutions and amendments go to a sub-committee, as they likely will, that because of the fundamental legal considerations involved, the effort to reach

harmony or compromise would be a lengthy and arduous process. It has become only too apparent in this debate that like the Bible the Charter can be quoted and interpreted to suit any point of view.

5. We are, nevertheless, inclined to the view that such a sub-committee would serve a useful purpose and would provide for a more orderly discussion of the proposals put forward.

274. DEA/5475-DW-11-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 151 New York, October 14, 1950

CONFIDENTIAL. IMMEDIATE.

DRAFT RESOLUTION ON "UNITED ACTION FOR PEACE"

1. On conclusion of general debate on draft resolution, sponsoring Powers met to consider the various amendments which had been proposed, and further debate in the Committee on the details of the resolution was postponed until Monday.

2. My immediately following teletype† contains text of revised draft resolution which will be placed before Committee by sponsoring Powers on Monday morning.

3. Preamble has been revised to include references to procedures for peaceful settlement of disputes, as suggested by a number of delegations.

4. Paragraph 1 has been revised so that recommendations by General Assembly for collective action may be made only in case of breach of the peace or act of aggression, and not in the case of threat to the peace.

5. Paragraph 1 has been revised further so that special emergency session is now to be called by the Security Council on a procedural vote, or by a majority of members of the United Nations.

6. In the course of discussion on this topic Dulles argued in favour of original text by saying on the one hand that provision for summoning of a special session by seven members of Security Council was simply a delegation of the authority now held by a majority of members, and on the other hand that what was intended was to establish a procedural vote in the Security Council. He finally decided that it was the latter which he really intended, and the paragraph was reworded accordingly.

7. Paragraph 8 of the resolution has been amended to include the word "equipped" in referring to elements of national armed forces. The words "in accordance with their respective constitutional processes" have also been added.

8. A new paragraph 9 has been added, calling upon member States to give information about the action they are taking under paragraph 8.

9. Paragraph 11 in its present form is a revision which I worked out in consultation with Mr. Spender, to meet his objections to the original wording. It was his view that the text as originally drafted gave the Collective Measures Committee too much authority to enquire into internal affairs of member States.

10. A new paragraph 12 has been added, calling on member States to cooperate with the Collective Measures Committee.

11. We have some doubt, which is shared by other delegations, whether paragraphs 10 and 11, as they now stand, are satisfactory. In both cases, they represent vestiges of more far-reaching provisions included in earlier drafts. It was therefore suggested that the two paragraphs might be revised and included within the paragraph establishing the Collective Measures Committee. At the request of the group, I have prepared a redraft of these two paragraphs, which I am submitting to them for their consideration. Text of this redraft is given in a subsequent teletype.

12. Section E has been added at the request of the Chilean delegation, which, in return for this amendment, will withdraw its competitive resolution.

13. Annex containing revisions in rules of procedure has not been included with draft resolution in my immediately following teletype.†

275. DEA/5475-DW-11-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 153 New York, October 14, 1950

Following is text of proposed redraft of paragraphs 10 and 11 of draft resolution on "United Action For Peace". Text Begins:

Establishes a Collective Measures Committee consisting of five members and directs this Committee, in consultation with the Secretary-General, and with member States as the Committee finds appropriate, to:

(a) Arrange on the request of any member State for the provision of appropriate technical advice regarding the organization, training and equipment for prompt service as United Nations' units of the elements referred to in paragraph 8.

(b) Study methods, including those of paragraph C of this resolution, which might be used to maintain and strengthen international peace and security in accordance with the purposes and principles of the Charter taking account of collective self-defence and regional arrangements (Articles 51 and 52 of the Charter).

(c) Report to the Security Council and the General Assembly not later than September 1, 1951. Text Ends.

276. DEA/5475-DW-11-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 179 New York, October 18, 1950

RESTRICTED

UNITED ACTION FOR PEACE

1. Although the First Committee completed its detailed discussion of Part A of the joint seven-nation resolution yesterday morning, it was agreed by a vote of twenty-five to nineteen, with thirteen abstentions, to adopt a suggestion from Iraq that voting on this section be postponed to give delegations an opportunity to obtain final instructions. South Africa had also indicated that although supporting the resolution, they would appreciate more time to obtain instructions. It was made clear by the Chairman that postponement of the vote did not mean that the debate could be re-opened. It was later agreed that votes on the other operative parts of the resolution (B, C, and D) would be similarly postponed.

2. Discussion of Part B dealt mainly with the reference to the Interim Committee, which was attacked by the U.S.S.R. and considered of somewhat doubtful value by some of the other delegations. Two alternative proposals were advanced, Sweden suggesting that in authorizing the use of the Peace Observation Commission, the Secretary-General might be substituted for the Interim Committee, and China suggesting that the Commission itself might determine whether an investigation were desirable. The U.S.S.R. also returned to the proposal that the five permanent members of the Security Council should be represented on this Commission. Following a suggestion from China, the sponsors met at noon to consider the possibility of redrafting Part B, but it was agreed by a majority of the sponsors that the reference to the Interim Committee should be retained. It was also agreed that no decision should be taken at this time regarding the exact composition of the Peace Observation Commission.

3. Part C was also discussed, and the debate on all the operative portions should be concluded today.

4. As you know, the sponsors have been considering various amendments to the original text which might improve it or make it more acceptable to the Committee, and had adopted a number of changes which were incorporated in the revised draft forwarded under my teletype No. 152 of October 14th.† These changes have helped resolve the doubts which had obviously been entertained by several delegations. However, the proposed re-draft of paragraphs 10 and 11, which would have appeared under Part D as a new paragraph 10 and which was quoted in my teletype No. 153 of October 14th, has been dropped, since the United States are unwilling to accept as extensive changes as this would entail.

5. At the end of Monday's meeting Dulles suggested casually to Vishinsky that it he really were serious about wanting to discuss the issues involved in the joint resolution, Dulles was ready to do so at any time. He received a message from Vishinsky yesterday morning requesting an interview. Dulles reported on this conversation at the sponsors' meeting. He had pointed out to Vishinsky that while he was willing to "wrap this package up in any kind of paper and string" that might be acceptable to all concerned, the package itself must contain the four essential provisions for special armed units, the summoning of special emergency sessions of the General Assembly and the establishment of the Peace Observation Commission and Collective Measures Committee. The conversation ended without any concrete results, as there was no indication that the U.S.S.R. could alter their position on these points.

277. DEA/5475-DW-11-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 181 New York, October 19, 1950

SECRET. IMMEDIATE.

At meeting of the seven sponsor Powers of the "uniting for peace" resolution yesterday, Mr. Dulles gave an account of a further interview he had had with Vishinsky yesterday morning. Vishinsky had told him that the USSR wished to serve on the Peace Observation Commission contemplated in the resolution, and would be willing to do so even if the clause referring to the power of the Interim Committee to utilize the Commission (to which Soviet delegation had taken exception) was retained in the final text of the resolution. Vishinsky said to Dulles that this marked the beginning of a new era of cooperation between Soviet Union and other Powers. At the end of the conversation Vishinsky had remarked, half jokingly, that of course the Soviet Union would want "their China" on the Commission, whereas the United States would want "their China".

2. Dulles asked the meeting their views as to inclusion of Soviet Union and other permanent members of the Security Council on the Commission. It was generally agreed that if the Soviet Union was willing to serve, it would not be possible to keep her off the Commission. We suggested that the question of China might prove to be the crux of the matter, as if Vishinsky stood out for inclusion of Communist China, this would reopen that whole question. Dulles observed that he certainly would not be in favour of including Soviet Union if Soviet Government simply intended to use its membership on the new Commission as an excuse for raising the question of Communist China at every turn in the Commission's work. He proposed to have a further conversation with Vishinsky, yesterday or this morning, to obtain a further clarification of the Soviet view regarding China.

3. We then raised a suggestion we had advanced at last sponsors' meeting that permanent members might be included on the Commission by a normal process of election as countries (e.g. in the same fashion as they are elected for the Economic and Social Council), and not ex officio as permanent members of the Security Council. The United States delegation stated that they saw considerable advantage in this suggestion. Dulles thought that the method of election would be more attractive to the Assembly than the inclusion of the permanent members as such in the Commission. There was a tendency on the part of the sponsors to agree with this view, although France and the United Kingdom seemed hesitant about it. Of course there may be objection on the part of the Soviet Union to this suggestion, as they may favour the inclusion of the five permanent members as such.

4. Very tentative lists of members for this Observation Commission and the Collective Measures Committee have been drawn up by the United States delegation, and we and other delegations have been giving thought to this matter, which will be further discussed at a meeting of the sponsors today. Canada will certainly be expected to serve on the Collective Measures Committee. It is obviously desirable to bring India in, either on the Peace Observation Commission or the Collective Measures Committee. While the latter would be desirable, it is more likely that India would consent to serve on the former. Pakistan has stated its desire to serve on both bodies. Vishinsky has indicated that in addition to the Soviet Union, either Czechoslovakia or Poland should be included in the Peace Observation Commission.

278. DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET Ottawa, October 23, 1950

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UNITED NATIONS: POLITICAL COMMITTEE — "UNITED ACTION FOR PEACE"

Mr. Holmes. On Saturday, October 21, the Political Committee concluded its two week debate on "United Action for Peace". Two main decisions were taken and will now be forwarded to a plenary meeting of the Assembly for final adoption.

1. The resolution put forward by the United States and six co-sponsors, including Canada, and which has been discussed in some detail at earlier meetings, was approved by the Committee by a vote of 50 in favour, 5 against (the Soviet bloc), and 3 abstentions (India, Argentina and Syria).[37] The Indian Delegate explained his abstention on the ground that "the practical benefits likely to accrue from part C (earmarking of national forces for U.N. use) ... are dubious". He implied that this

[37] Pour le texte final de cette résolution, voir Canada, ministère des Affaires extérieures, *Le Canada et les Nations Unies*, Ottawa, Imprimeur du Roi, 1951, annexe 8, pp. 166-168.
For the final text of this resolution, see Canada, Department of External Affairs, *Canada and the United Nations, 1950*, Ottawa: King's Printer 1951, Appendix 8, pp. 167-169.

part of the resolution was untimely in that it created the impression that the United Nations was "busy perfecting its machinery for the use of armed force instead of concentrating on the promotion of peace and goodwill".

Although the U.S.S.R. voted against the seven-power plan, it accepted membership in one of the two special bodies established under the resolution — the Peace Observation Commission. The other thirteen members of the Commission are: China, Colombia, Czechoslovakia, France, India, Iraq, Israel, New Zealand, Pakistan, Sweden, the United Kingdom, the United States, and Uruguay.

Canada was among the fourteen members appointed to the other body set up under the resolution — the Collective Measures Committee. The full composition of this Committee is to be as follows: Australia, Belgium, Brazil, Burma, Canada, Egypt, France, Mexico, the Philippines, Turkey, the United Kingdom, the United States, Venezuela and Yugoslavia.

2. Among the numerous amendments submitted to the "United Action for Peace" resolution was a proposal by Iraq and Syria that direct consultations among the five permanent members of the Security Council be renewed. This proposal received virtually unanimous approval in the Political Committee, although it set off another wrangle over Chinese Representation in which a new Soviet attempt to have the Chinese Communists recognized was defeated. Under the resolution the five powers will be asked "to meet and discuss collectively or otherwise and, if necessary, with other states concerned, all problems which are likely to threaten international peace ... with a view to their resolving fundamental differences and reaching agreement in accordance with the letter and spirit of the Charter".

The Canadian Delegation has expressed the view that it is unlikely that the talks among the five powers will lead to positive results.

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SECTION D

FORMOSE
FORMOSA

279. L.B.P./Vol.35

Le secrétaire d'État aux Affaires extérieures au secrétaire d'État des États-Unis

Secretary of State for External Affairs to Secretary of State of United States

SECRET AND PERSONAL Ottawa, August 15, 1950

Dear Dean [Acheson],

I think that you know how much Norman [Robertson] and I appreciated the talk we had with you a short time ago about Korea and other matters.[38] It was good of you to give us so much time when you were harassed with so many pressing matters.

In the light of recent developments I have been thinking over what we said that night about Formosa and the Chinese Communists, and I should like to put before you some of the apprehensions which I still have over this question. I do so in a personal letter, because it is easier to "get things off one's chest" this way. It will also be easier for you in reply (if you care to reply) to tell me I am off the beam and to stop bothering you!

It has, of course, been explained that the United States' action in regard to Formosa was taken with a view to preventing the extension of the Korean conflict; you put that case to us very impressively at our recent meeting. There appears to be a real danger, however, (or so it seems to me), that, instead of having hostilities confined to Korea where support — of one kind or another — for the action taken by the United Nations has been forthcoming from virtually all non-Communist members, the area of conflict may, in fact, be widened to include China. What is worse, it may be widened in such a way as to involve the United Nations, yet not command the same measure of support from its members.

I wonder whether the possibility of an early attack on Formosa has not been increased by the preventive military measures being taken by the National Government of China against Communist concentrations along the mainland invasion coast, while Formosa itself is "neutralized"; as well as by statements reported to have been made by Generalissimo Chiang Kai-shek, following General MacArthur's recent visit, concerning United States-Chinese "military cooperation" and "the joint defence of Formosa". That visit, incidentally, was made by one who is a United Nations as well as a United States Commander. Who is suffering from schizophrenia?

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[38] Voir le document 62./See Document 62.

Military conflict between the forces of the United States and Communist China, which could hardly be restricted to the Straits of Formosa, would be a disaster from which only the Soviet Union would profit. Such a conflict would create grave difficulties for members of the United Nations, and at the time they are becoming more keenly aware, as a result of the Korean aggression, of the menace of Soviet imperialism and of the use by this imperialism of Communist parties abroad. I am aware that the United States Government has assumed on its own the responsibility for the defence of Formosa. Nevertheless, the involvement of other friendly nations is, in reality, implicit in this action. If United States warships, for example, were to become engaged against Communist Chinese vessels, or if it were considered necessary, during the course of operations, for United States aircraft to bomb Chinese bases on the mainland, the sure result would be a charge of aggression in the Security Council brought against the United States by the Soviet Union. This would confuse the issues of Korea and Formosa, as a consequence of which some nations would be under considerable embarrassment as to how to state their positions in public. The threat of Chinese Communist retaliation against territories such as Hong Kong and Indo-China would be always present; and, to judge from attitudes previously taken, the cooperation between Asian and non-Asian members of the United Nations might be seriously — even disastrously — affected. If these things were to happen, then a disruptive element would be introduced at the very time when an encouraging measure of unity has been achieved in the decision to repel aggression in Korea.

It seems to me that of the other unfortunate results of an armed clash between the United States and Communist China over Formosa, the most important are these: the draining of resources which are now urgently needed elsewhere; a lessening of the possibility of the latent tensions which exist between Communist China and Soviet imperialism becoming active; increasing danger of the involvement of Communist China in the Korean conflict.

If a collision with Communist China over Formosa is threatening, what can be done to avoid it? Clarifying statements such as that which President Truman made on July 19th are very helpful.[39] In the present circumstances, however, I doubt whether the President's statement went far enough to give the Chinese Communists any face-saving way out of an early attack upon Formosa, to which they have been publicly committed for a long time; or to remove completely the fears of other countries that Korea and Formosa are part of a single American policy.

Might there not be some advantage in an early consultation among the principally interested Western powers, in an effort to reach agreement on ways of reducing friction between themselves and Communist China; or at the least, on tactics which would make it clear who would be to blame for the resulting fire? Consideration should first be given, I believe, to possible ways of dissuading the Chinese Communists from attacking Formosa during the Korean operations. Perhaps a move in this direction might be taken by some public assurance that the military strength of the National Government forces will not be increased by outside aid

[39] Voir/See *Public Papers of the Presidents of the United States: Harry S. Truman 1950*, Washington: United States Government Printing Office, 1965, Document 193, pp. 527-537.

during this period beyond the minimum strictly required for defence of the island, and that the mainland Chinese will have an appropriate voice in the peaceful determination of the future status of Formosa.

You may reply that the only effective way to prevent an attack on Formosa is to convince the Chinese Communists that if they do attack they will be defeated and destroyed. Is it not pretty certain, however, that an attack — whether doomed or not — is exactly what Moscow, and the extremists in Peking, want, and are we not playing into their hands if we give them any unnecessary excuse for it? Maybe I'm wrong in this, but I'm right surely in thinking that the political results of armed conflict between the United States and Communist China would be disastrous.

There is, of course, another aspect to this problem, namely, Chinese representation on the Security Council. It is too bad that at this moment Chiang's delegate should be representing China there. That, of course, also plays into the hands of the Soviet. If, as I believe, the Soviet leaders would welcome the involvement of the United States in war with China, if this, in fact, is one of the present major aims of Soviet policy, then the Soviet Government, while posing as Peking's champion, may really wish to keep Communist China away from the Security Council in order, not only to isolate China from anything in the nature of normal relations with the Western world, but also to be able to present the United States to the Asians as the villain of the piece. In this case, the seating of Communist China in the Security Council might contribute to the upsetting of Soviet calculations. You will probably reply that it might contribute also to the upsetting of Mr. Acheson!

I realize, of course, that in attempting to formulate any policy designed to bring about an easing of relations with Communist China, all of us would have difficulty with some sections of our public opinion and that, in this respect (to put it mildly), there is a special problem in the United States. If, however, we could come to some general agreement on a course of action in this regard, it would be easier for us to meet public opinion. May I commend to your attention in this connection — if you have not already seen it — the leading article in the current *Economist*, "Mr. Malik's Manoeuvres".

If I venture to write you so frankly and at such length on this subject, it is only because of my worry over the danger of the present Chinese situation weakening, and indeed even breaking, the unity which we should show against Soviet Communism. That worry has been increased by the new confidence and assertiveness of Chiang Kai-shek and his people, resulting, at least in part, from General MacArthur's visit, as well as by the strident efforts of the Luce-Hearst-McCormick axis to bring about open, armed conflict between the United States and Communist China. In that conflict, a great many of the United Nations would do their very best to stand aloof. That division, I'm afraid, would then reflect itself in fields other than China. There could hardly be anything worse than this. Possibly, once again, our enemies will save us from it!

Yours sincerely,

L.B. PEARSON

280. DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET Ottawa, September 6, 1950

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FORMOSA

Mr. Menzies referred to the Formosan question which has come before the United Nations as a result of a Chinese Communist complaint arising from the United States' action in assuming responsibility for the island's defence during the present crisis.

A cablegram was received by the Security Council from the Foreign Minister of The People's Republic of China accusing the United States Government of open encroachment on the territory of China and of direct armed aggression, together with a "total violation of the United Nations Charter" with regard to Formosa. The cablegram went on to ask the Security Council to condemn the United States Government for its "criminal" act, and to take immediate measures so as to bring about "the complete withdrawal of all United States armed invading forces from Taiwan (Formosa) and from other territories belonging to China". In a letter to the Secretary-General, Senator Austin stated that the United States had not encroached on the territory of China, nor had it taken aggressive action against China. The action which the United States had taken with regard to Formosa was an impartial neutralizing action addressed both to the forces on Formosa and to those on the mainland. As President Truman had solemnly declared, the United States had no designs on Formosa, and would therefore welcome the United Nations consideration of the case. It would also approve a "full United Nations investigation here or on the spot".

In view of this letter, the Security Council voted to include a new item on its agenda, which was entitled "Complaint of armed invasion of the Island of Taiwan (Formosa)". Mr. Malik then proposed that a representative of The People's Republic of China be invited to attend meetings of the Security Council during the consideration of the new item as the complainant in the case. Although the Soviet proposal was defeated at the time, Mr. Malik reserved the right of his delegation to re-introduce this proposal when the Council began consideration of the Formosa item.

Mr. Menzies said it was possible that discussion in the United Nations of Communist China's charges against the United States would resuscitate the dormant item of Nationalist China's charges against Soviet Russia for violation of the United Nations Charter and of the Sino-Soviet Treaty of 1945.

Concerning the expression "other territories belonging to China" used in the Communist China Foreign Minister's telegram to the Secretary-General, he thought that this might refer to the Ryukyu island chain in which Okinawa lies. On the other hand, it might refer to those islands lying along the Chinese coast which remain in Nationalist hands.

He also suggested the possibility that the Chinese Communists may be reluctant to intervene in Korea while their complaint on Formosa is before the Security Council. (Confidential)

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281. L.B.P./Vol.35

Le secrétaire d'État des États Unis
au secrétaire d'État aux Affaires extérieures

Secretary of State of United States
to Secretary of State for External Affairs

SECRET AND PERSONAL Washington, September 8, 1950

Dear Mike [Pearson]:

I am most grateful for your letter of August 15, 1950 and welcome the spirit of complete frankness with which you discussed problems relating to China. Since reading your letter I have been turning over in my mind your comments and the thoughts which they provoke. I shall not attempt to comment individually on the points which you have raised; rather I shall attempt to give you a somewhat fuller outline of our thinking on the general problem than was possible when you were here.

Let me state at the outset that we are very much aware of the dangers inherent in our position respecting Formosa and of the desirability of finding some formula which, without disregarding essential security elements, would lessen the misgivings of our friends. I have already had a preliminary exchange of views with Mr. Bevin through Oliver Franks and I expect that considerable attention will be given to this problem in discussions with Mr. Bevin and Mr. Schuman before the meeting of the General Assembly.

The President's statements of June 27 and July 19 and his letter to Ambassador Austin of August 27 remain firm lines of United States policy respecting Formosa during the present crisis.[40] I am sure that you will understand this although, unfortunately, others less well acquainted with the United States may have found recent developments somewhat confusing.

In taking the measures outlined by the President in his statement of June 27, the United States sought to neutralize Formosa militarily during the present threat to the peace of the West Pacific. It has carefully stated that these measures were taken without prejudice to the question of the long-term political status of the Island. We believe that this question should be settled by peaceful negotiation. Our measures to bring about the military neutralization of Formosa, far from being directed toward a forcible solution of the question, operate, in fact, to prevent a solution by force and to permit a settlement by negotiation. Our willingness to have the Secur-

[40] Voir/See *ibid.*, Document 173, p. 492, Document 193, pp. 527-537, and Document 223, pp. 599-600.

ity Council take up the question of Formosa should, I think, provide convincing evidence of this.

In stationing our naval forces in the vicinity of Formosa, we of course accepted a calculated risk that our forces might become involved in active hostilities with Chinese Communist forces. We accepted this risk to avoid what we judged to be the greater risk of leaving Southeastern Asia open to Communist military aggression and permitting a dangerous, hostile flank to be opened at a time when available United States and other friendly forces were, under the auspices of the United Nations, heavily engaged in containing and throwing back the Communist aggression in Korea.

We have sought to minimize the risk of active hostilities with Chinese Communist forces by introducing the concept of neutralization of Formosa. In accordance with this concept the Seventh Fleet was directed to assure the cessation of air and naval operations by Chinese Nationalist forces on Formosa against the mainland as well as to prevent attack upon the Island. We had hoped that by making clear that the measures taken by us were for the purpose of neutralization, and that those measures were undertaken without prejudice to the long-term political status of Formosa, a truce in the Formosa fighting might be enforced with minimum danger of a Chinese Communist attack on U.S. forces.

These measures were not motivated by a desire to support any Chinese political group. As you know, there were much broader considerations relating to security in the Western Pacific and bearing directly upon a successful conclusion of the Security Council's aims respecting Korea. Specifically, our measures should not be interpreted as a stepping-stone toward our entry into mainland China or toward the return of the Nationalist Government to the mainland with our support. We have entered into no political or military commitments with the National Government in this regard and contemplate none, although we would have to examine this question again should the Chinese Communists embark on a course of military aggression in Korea or elsewhere in Asia. We are aware of the dangers of permitting the National Government to associate the measures which we have taken with their own political cause and are constantly endeavoring to counter such moves on their part without, however, giving aid and comfort to the authorities on the mainland.

As you know, the Chinese Communists have rejected the concept of neutralization. In view of this and the heavy engagement of our forces in Korea, we are finding it necessary to consider providing a limited amount of military materiel which the Chinese forces on Formosa might need for the defense of the Island. In practice, it is often difficult to draw a clear line between defensive and offensive measures, but our aim has been to reduce the possibilities of direct hostilities between the two forces without interfering with legitimate defensive measures of the Chinese National Government on the islands they now hold.

I believe that the three immediate problems confronting us respecting Formosa are (1) finding means to dissuade a Chinese Communist attack, (2) finding a basis for wider support of the United States if such an attack is made and (3) assuring that questions affecting Formosa be settled by peaceful means. I hope our readiness to have the Chinese Communist charges against us investigated by the Security

Council may contribute something to the solution of these problems. Furthermore, we have been considering the feasibility of proposing that the General Assembly appoint a commission to examine all aspects of the Formosa problem under conditions where all parties would be obligated to refrain from the use of force while the matter is under consideration. Possibly the Commission might be instructed to report back to the next General Assembly meeting. I present this thought very sketchily, because it is still sketchy in our own thinking. An obvious factor bearing upon it would be the nature and extent of action taken in the Security Council. Another would be the course of interim events in the area.

A word about the matter of Chinese representation in the UN. We cannot in good conscience alter our present opposition to seating the Chinese Communist representatives. I think you are fully aware of our reason for this. We would not wish to see the question of Chinese representation, about which there is considerable disagreement among the non-Communist countries, brought to the forefront while the Security Council is occupied with urgent matters relating to the aggression in Korea. After a solution of the Korean crisis, we should be quite willing to have the question considered on its merits. In our view, the heart of the matter is not our opposition to the Chinese Communists, but rather the fact that many members of the UN obviously have the same doubts and misgivings respecting the Peiping regime as do we and that these doubts are being confirmed by Peiping's attitude toward Korea and its other neighbors.

I am most grateful that you have given me your views on one of the most complicated problems now facing us. I hope that you will continue to let me have the benefit of your comments and suggestions.

Cordially,

DEAN [ACHESON]

282. DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET Ottawa, September 18, 1950

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FORMOSA

Mr. Menzies said that a memorandum from the United Kingdom High Commissioner had been received setting forth the United Kingdom Government's views on Formosa. On the basis of those views the United Kingdom authorities intended to consult with other interested and friendly governments in an attempt to solve the Formosa problem. The United Kingdom attitude in summary was as follows:

(1) Formosa should be regarded as "Chinese", i.e., part of the Chinese State.

(2) It is admitted that the neutralization of Formosa is a matter of strategic necessity during the present crisis, especially in view of the unfriendly attitude of the

Peking Government. Genuine neutralization should be enforced, however, and Nationalist military action against the mainland should not be permitted.

(3) A formula must be found whereby United Nations support is obtained for the neutralization of Formosa in order to deter a Chinese Communist assault on the Island. To this end every effort should be made to dispel the impression that Western Powers have undertaken to defend the Chiang Kai-shek Government in Formosa.

(4) The practicability of holding a plebiscite in Formosa under United Nations trusteeship appears to be doubtful because of the present possession of the Island by Chiang Kai-shek with his considerable armed forces and because the Peking Government is not represented in the United Nations.

(5) A possible course of action which would help the present position and deal with the long-term problem to some extent might be the adoption of a Resolution by the General Assembly (to avoid a Soviet veto in the Security Council) which would

(a) Recommend that Formosa should in due course revert to China;

(b) propose that any action to this end should await the restoration of peace in the Pacific area and that in the meantime no action should be taken by anybody to disturb the *status quo* or use the Island as a base; and

(c) establish a Commission to recommend when the moment is appropriate for the hand-over and the conditions under which it should take place. In the United Kingdom view such a resolution would have the advantages of not abandoning the Cairo Declaration, but would enable a hand-over to be deferred until the Chinese Communists should make some signs of behaving reasonably in international affairs. It might also conceivably save the Peking Government's face sufficiently to enable it to refrain from making direct assault on Formosa.

Ultimate United States policy towards Formosa is not fixed, according to our Ambassador in Washington, and will be discussed with representatives of other friendly powers in New York. The main objectives of the United States are to see that Formosa is neutralized for the duration of the Korean conflict and that its eventual disposition is settled without resort to force. The State Department would like to have the status of Formosa settled by the United Nations and hopes that some friendly delegation might raise the question in the General Assembly in the form of a resolution appointing a Commission to report to the next Session of the Assembly and calling upon both Chinese Nationalists and Communists to take no action pending the outcome of the Commission's deliberations. It appears that the State Department no longer regards the Cairo Declaration as binding and that it hopes that responsibility for the disposition of Formosa can be handed over to the United Nations without causing a serious division among members.

The Canadian view is that in principle we adhere to the Cairo Declaration, which promised the restoration of Formosa to the Chinese State. This promise was confirmed by the Potsdam Agreement upon which the Japanese Instrument of Surrender was based and which was signed by Canada. The political wisdom of repudiating wartime undertakings is doubtful. Furthermore, the *de facto* administration of Formosa by the Chinese Government has been acquiesced in by the Canadian

Government, through acceptance of a note from the Chinese Government in 1946 stating that Formosa was restored to Chinese sovereignty and that Formosans had regained their Chinese citizenship; through agreement that the commercial modus vivendi with China should include Formosa; and through various administrative actions. The question of possession of Formosa cannot be extracted from its Chinese civil war context and treated as a separate problem. In matters of this sort it has been Canadian policy to be prepared to make offers of good offices in order to help bring about an end to disputes but not to favour the imposition of a solution upon one side or the other. We should be ready to put forward or support any compromise proposal which might have the effect of lessening the differences between the United States and Asian countries in this matter and of reducing in consequence the likelihood of a Chinese Communist assault upon Formosa.

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283. DEA/50056-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 17 New York, September 22, 1950

SECRET

Repeat Washington No. 4.

FORMOSA

Following from Ritchie and Riddell, Begins: Following is text of a draft resolution on Formosa prepared by the United Kingdom delegation, Begins:

Noting (a) That Formosa was Chinese territory for more than two centuries before being ceded to Japan in 1895,

(b) That the signatories to the Cairo Declaration declared their intention that Formosa should be restored to the Republic of China;

Recognizing that two parties at present claim the right to administer Formosa, that there have been threats of an armed attack on Formosa from the Chinese mainland and that Formosa has been used as a base for attacks on the Chinese mainland, and that an attempt to settle the dispute by force or the continuance of attacks on the Chinese mainland from Formosa would heighten international tension at a time when the situation in the Pacific area is already tense as a result of events in Korea;

Decides to establish a Commission which, bearing in mind China's claims as set out above, should study the problem and submit a report to the Assembly containing recommendations for the future of Formosa. The Commission should consult with all interested parties, including the Central People's Government, and should take into account the interests of the people of Formosa;

Recommends (a) That, pending consideration of the Commission's report by the General Assembly, there should be no attempt to seek a solution of the issue by force,

(b) That Formosa should not be used as a base for attacks on the Chinese mainland;

Requests all parties to render every possible assistance to the Commission in the performance of its task. Text ends.

2. We had a talk with Dening of the United Kingdom delegation who is the author of this resolution this afternoon. He said that he had shown it to the United States delegation who had been in general agreement with it but said that they had a draft of their own which they preferred. Dening said that, while the United States delegation had originally suggested that they would like the resolution on Formosa to be sponsored by some other Government they had now apparently decided to put forward their own text. Foster Dulles, who had seen the United Kingdom resolution had commented that he did not like part A of the first paragraph referring to the historical connection between Formosa and China. Dening had also shown his resolution to the Indian delegation who had not objected to it.

3. So far as the long term solution of the Formosan problem is concerned Dening said that he had had a talk with Walter Lippman just before he published his recent article on the subject advocating de-militarization and local autonomy for Formosa. Dening said that this sort of solution might ultimately be possible but that it would be difficult if not impossible for the Chinese Communist Government to accept either de-militarization or any substantial degree of Formosan autonomy at any early stage in the negotiations. It was very much of a question whether even in the long run they would be willing to accept a solution along these lines. Meanwhile the first stage was to "take the heat off" the question of Formosa by setting up a Commission to study the problem of its future.

4. We should appreciate your comments and suggestions on the resolution. Our guess is that the United States text, even if it has the same object in view, will be very differently drafted if only for reasons of acceptability to United States public opinion. We feel, however, that if the United States would be prepared to accept something along the general lines of this resolution this would be a step forward.

5. Incidentally Dening remarked that he was seeing Foster Dulles this afternoon to discuss a Japanese Peace Treaty. Ends.

284. DEA/50056-A-40

Note pour le secrétaire d'État aux Affaires extérieures

Memorandum for Secretary of State for External Affairs

SECRET [New York], October 19, 1950

FORMOSA

Attached is a copy of a "modified text" of the United Kingdom draft resolution on Formosa, with changes and additions suggested by the United States. This was

given to me informally this afternoon by Allison, who had not yet had an opportunity to give it to the British — and who asked me to keep it for a day or so before sending it on to Ottawa. As a compromise I sent a copy to Menzies, by bag, under a personal note, explaining the circumstances.

2. The additions to the original text in paragraphs 1 and 4 have been underlined.[41] Paragraph 7, referring to the Security Council, is entirely new. Paragraph 5 (first recommendation) has been reworded to make it clear that its restrictive force bears equally on the Chinese Communists and Nationalists, and to tighten the original by referring to the "adoption by the Assembly of recommendations concerning the problem." For comparison, following is the United Kingdom text:

> *Recommends* (a) that, pending consideration of the Commission's report by the General Assembly, there should be no attempt to seek a solution of the issue by force,
> (b) that Formosa should not be used as a base for attacks on the Chinese mainland.

3. The purpose behind the changes is explained at the end of the attached text. As Allison pointed out, the United States do not assume that Formosa must inevitably go to the Chinese Communists (at least for some time) and wish to stress two considerations in addition to the conflicting Chinese claims: the interests of the Formosans and the maintenance of peace in the Pacific. The implication is that it might be contrary to both considerations to hand Formosa to the Communists in the near future. In support of this Allison maintained that it is by no means clear that the Communists are going to be able to maintain complete control of the mainland; that China may be in for a continuation of the internal disturbances and divisions which have been characteristic of her modern history; and that, in the circumstances, it would not necessarily be wise to transfer Formosa from a moribund claimant to one whose authority is still dubious. (If this represents more than pre-election rationalizing, it makes the solution of both the Formosa problem and of Chinese representation in the United Nations more difficult than ever).

4. The United Kingdom draft had been intended to provide a means of putting the question on ice for the time being, with as limited a commitment as possible on the part of the General Assembly and with the implication that the task in hand is to find a suitable formula which would permit the Chinese Communists to gain control without resort to force. (The United Kingdom officials concerned say privately that force is the only eventual solution and a resolution can only hope to delay this). The United States have now carried the United Kingdom draft to its logical conclusion and amended it to make it quite clear that responsibility for Formosa should be vested in the United Nations. If the Communists do not wait for an Assembly recommendation, the issue would immediately be referred to the Security Council, presumably as a breach of the peace, and then to the Assembly again under the "United Action" resolution.[42] If the United States draft were adopted, it would be difficult for the other members of the United Nations to refuse to accept the respon-

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[41] Les modifications ne sont pas soulignées dans cette version du document.
The changes are not underlined in this copy of the document.

[42] Voir le document 257./See Document 257.

sibility for neutralizing Formosa that is now held by the United States through the Seventh Fleet.

5. As an indication of United States thinking, Allison said that this resolution would not put the General Assembly in the impossible position of trying to handle something beyond its powers. It would be a genuine deterrent, since Peking would hesitate to take action, unless the Chinese Communists and the Russians are ready to start the major war. In other words, the United States would like to equate Formosa with South Korea.

R. COLLINS

[PIÈCE JOINTE/ENCLOSURE]

[October 19, 1950]

Following is modified text of British draft with our additions and changes:

"Noting (A) that the signatories to the Cairo declaration declared it to be one of their purposes that all the territories that Japan had stolen from the Chinese, including Formosa and the Pescadores should be restored to the Republic of China;

"(B) that no formal act restoring sovereignty to China has yet occurred, although at the end of hostilities with Japan the Chinese Nationalist Government was permitted to assume the administration of the island;

"Recognizing that two parties, both Chinese, at present claim the right to administer Formosa, that there have been threats of an armed attack on Formosa from the Chinese mainland and that Formosa has been used as a base for attacks on the Chinese mainland, and that an attempt to settle the dispute by force or the continuance of attacks on the Chinese mainland from Formosa would heighten international tension at a time when the situation in the Pacific area is already tense as a result of events in Korea, and would be prejudicial to the interests of the people of Formosa;

"Decides to establish a Commission composed of the representatives of (specified states) which, bearing in mind China's claims, taking into account the interests of the people of Formosa, and giving consideration to the maintenance of peace in the Pacific, should study the problem and submit a report to the GA containing recommendations for the future of Formosa and the Pescadores. The Commission should consult all government authorities and parties concerned, including both Chinese claimants;

"Recommends that, pending the study by the Commission and adoption by the GA of recommendations concerning this problem (A) there be no attempt to seek a solution of the status of Formosa by force, (B) Formosa not to be used as a base for attacks on the Chinese mainland;

"Requests both Chinese parties to act in conformity with the recommendations in the preceding para;

"Recommends to the SC that it consider immediately any action in contravention of (A) or (B) of above recommendation with a view to adopting appropriate measures for the maintenance of international peace and security;

"Requests all parties to render every possible assistance to the Commission in the performance of its tasks."

In the first operative paragraph beginning with "decides" insertion of phrase "taking into account the interests of the people of Formosa" is predicated upon our belief that interests of Formosan people should be mentioned on equal level with China's claim. In addition to China's claim and wishes of Formosans' broad interests of UN in peace of Pacific area also a factor to be taken into account.

Rephrasing of first recommendation is drafting change designed primarily to define more clearly the period during which that recommendation applies.

Department believes desirable that first recommendation of British draft be further strengthened. With this in mind Department has added recommendation referring to SC action as warning to those who might violate recommendation to refrain from use of force.

285. DEA/50056-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 300 New York, November 3, 1950

SECRET. IMPORTANT.

Repeat Washington No. 31.

At Commonwealth meeting yesterday morning the three following topics were discussed which are covered in my three immediately following teletypes.†

FORMOSA

The United Kingdom representative (Younger) referred to previous United States redraft of United Kingdom draft resolution on Formosa (which was sent to you under cover of my despatch No. 79 of October 20th)† which contained a number of points which the United Kingdom Government had not approved. As a result of further conversations with United States officials, State Department had produced a further redraft but this had not yet been finally approved by the United States Government.

Following is text of this latest United States redraft of United Kingdom resolution, Begins:

"*Noting* that the signatories to the Cairo Declaration declared it to be one of their purposes that certain of the territories formerly held by Japan, including

Formosa and the Pescadores, should be restored to the Republic of China, and that no formal act restoring sovereignty to China has yet occurred;

Recognizing that two parties at present claim the right to administer Formosa, that there have been threats of an armed attack on Formosa from the Chinese Mainland and that Formosa has been used as a base for attacks on the Chinese Mainland, that attempts to settle the dispute by force would heighten international tension and be prejudicial to the maintenance of international peace and order in the area as well as prejudicial to the interests of the people of Formosa; and further

Recognizing that the foregoing considerations raise questions as to the obligations and responsibilities of members under the Charter;

Decides to establish a Commission composed of the representatives of the following States (5-7) which, bearing in mind the considerations set forth in the preceding paragraphs should study the problem and submit a report to the General Assembly containing recommendations for the future of Formosa and the Pescadores. The Commission should consult all Governments, authorities and parties concerned;

Recommends that, pending the study by the Commission and adoption by the General Assembly of recommendations concerning this problem there be no attempt to change the status of Formosa by force and that there be neither (a) armed attack on Formosa from the Chinese Mainland, or (b) attack on the Chinese Mainland from Formosa;

Requests all Governments and authorities concerned to act in conformity with the recommendation in the preceding paragraph and render every possible assistance to the Commission in the performance of its tasks." Ends.

2. It was generally felt by the meeting that this would be a great improvement over the earlier United States redraft. As you will notice, it omits reference to "taking into account the interests of the people of Formosa and giving consideration to the maintenance of peace in the Pacific" as also to the provision that the Commission should consult all "Government authorities and parties concerned including both Chinese claimants" which appeared in the earlier United States draft. The United Kingdom delegation expressed the view that as it had been decided to include Formosa on the agenda of the Assembly, they thought that the approach outlined in this draft was about the best that could be hoped for. They had not yet referred it to the United Kingdom Government, but it was apparent that they would probably be able to sponsor it. The Australians also stated that they would be willing to sponsor such a resolution. Younger explained that the United States were anxious to get a large number of sponsors for the resolution. He added that sponsorship would not imply an obligation to service on the Commission of 5-7 members referred to in the body of the resolution. I said that our general position was that we did not wish to see the United Nations given the same sort of responsibility for Formosa that they had for Korea. We should have preferred not to have Formosa on the agenda of the General Assembly at all — as it had been included — we now favoured an approach which should saddle the General Assembly with the minimum responsibilities for the future of Formosa. In this connection I pointed out that the present wording of paragraph 3 of the resolution — "recognizing that

the foregoing considerations raise questions as to the obligations and responsibilities of members under the Charter" — might cause complications. For example, I pointed out that one of the "foregoing considerations" was the fact that Formosa had been used as a base for attacks on the Chinese Mainland. Was it therefore suggested that members of the United Nations had obligations and responsibilities in connection with such an attack?

3. Other delegations, including the South Africans and Indians, agree that the wording of this paragraph was too wide, and in general showed a reserve similar to our own about the United Nations' assumption of responsibility for Formosa. In conclusion I indicated that it was unlikely that Canada would sponsor the resolution on Formosa. There was little general discussion at the meeting. The United Kingdom delegation said that they saw little prospect of getting the Americans to modify the draft further. Personally I am inclined to think that we shall be lucky if the United States' Government approve the draft put forward by the State Department officials, which seems to be about the best we can hope for in the circumstances.

286. DEA/50056-A-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 229 Ottawa, November 6, 1950

SECRET. IMPORTANT.

Following from Reid. Your telegram No. 330 of November 3.† Formosa.

1. Debate on the Formosan question could develop into one of the most explosive and divisive disputes of this session of the General Assembly. This item bristles with difficulties. Both Chinese factions are dead set against any proposal that will question their unshakable determination that Formosa is and shall remain a part of the Chinese state. Asian opinion which reacted strongly to President Truman's statement of June 27 "neutralizing" Formosa, will be suspicious of any proposal that would appear to give United Nations approval for maintaining Formosa as a part of the United States military defence arc in the Western Pacific. It would also consider any proposal that the United Nations should assume jurisdiction concerning the future disposition of Formosa as an undesirable interference in the internal affairs of China. Other powers will be doubtful of the wisdom of the United Nations assuming any responsibility regarding Formosa extending beyond the duration of President Truman's "neutralization" which he said in a conference on August 31 would be terminated at the end of the Korean campaign. Many would question the principle of repudiating the Cairo Declaration. Any solution which appeared to ignore China's title to Formosa would never be acceptable to the Chinese people and Formosa would remain the object of irredentist ambitions and be a constant source of friction between China and the West. Formosa could only be withheld from Chinese Communist control so long as substantial forces were avail-

able for its defence. This would mean a heavy commitment of indefinite duration and of questionable strategic desirability. An impartial plebiscite in Formosa would be impossible as long as Chiang Kai-shek and his forces remain in control there and it is doubtful if any but the Chinese Communists wish to assume responsibility for removing them from control in Formosa. If the United Nations should decide to award Formosa to the Chinese Communists but defer the hand-over for a period they would again be faced with the problem of taking care of Chiang Kai-shek and his army.

2. For the reasons mentioned in the previous paragraph, we believe that the Formosan question should be approached very cautiously. We think that care should be taken to ascertain the views of the Asian members at as early a stage as possible in determining the best way of dealing with this question on the agenda. We think that any draft resolution should be examined carefully to see the extent of responsibility which the United Nations might be expected to assume.

3. The revised United Kingdom draft resolution contained in your telegram No. 300 of November 3 does not say how soon the Commission is to report to the General Assembly. It could hardly report to this session. If the Commission's report is not made until the next session, the United Nations may be assuming a moral obligation to prevent either side from seeking a solution by force before then. This is an obligation that would extend beyond that which President Truman took on unilaterally in June as he is quoted in his press conference on August 31 as saying: "Of course, it will not be necessary to keep the Seventh Fleet in the Formosa Straits if the Korean thing is settled. That is a flank protection on our part for the United Nations forces".

4. The United Kingdom draft resolution does not indicate what the Assembly will do to implement the recommendation of the Commission. If it tries to enforce a solution unwanted by the Nationalists or the Communists it may be assuming a very onerous task.

5. The revised United Kingdom resolution sets the Formosan problem against a broader new backdrop of "the maintenance of international peace and order in the area" going beyond the implication of President Truman's statements of June 27 and July 19 that the "neutralizing" of Formosa was related to the Korean operations. This leaves the way open to the permanent neutralization of Formosa which is probably desired by United States military strategists and would add to our general security in the Western Pacific but which would definitely not seem to us to be worth the political complications and military underwriting implied.

6. It seems to us that some effort should be made at this stage to get a number of the more important delegations to understand where each thinks they are going in supporting the current United Kingdom resolution. The United States apparently wants the United Nations to assume responsibility for Formosa as it did for Korea and it undoubtedly hopes for the permanent neutralization of Formosa. The Indians, according to your telegram No. 205 of October 20† seem to think that the United Kingdom draft resolutions are nothing but a convenient way of joining Formosa to the mainland without fighting. How Chiang Kai-shek and his army are to

be ousted is left unanswered. The United Kingdom seems to be trying to find middle ground, but appears to us to be going too far to meet the United States position.

7. If it is desired to have a milder resolution which would not saddle the United Nations with responsibilities it might find difficult or inadvisable to carry out, my immediately following telegram contains a draft which might be used for discussion with other delegations.

287. DEA/50056-A-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 230 Ottawa, November 7, 1950

CONFIDENTIAL

FORMOSA

Following is the text of a possible limited resolution on Formosa, Begins:

The General Assembly of the United Nations

Having in mind that United Nations armed forces are at present operating in Korea in accordance with the recommendations of the Security Council of 27 June, 1950, subsequent to its resolution of 25 June, 1950, that members of the United Nations furnish such assistance to the Republic of Korea as may be necessary to repel the armed attack and to restore international peace and security in the area;

Recalling its resolution of 7 October 1950 establishing a United Nations Commission for the Unification and Rehabilitation of Korea to represent the United Nations in bringing about the establishment of a unified, independent and democratic government of all Korea;

Noting that there have been threats of an armed attack on Formosa from the Chinese mainland and that Formosa has been used as a base for attacks on the Chinese mainland;

Considering that an armed attack on Formosa from the Chinese mainland or an armed attack on the Chinese mainland from Formosa might directly or indirectly interfere with the efforts of the United Nations armed forces to restore international peace and security in the Korea area;

Calls upon the parties to the dispute over Formosa to refrain from taking hostile action against each other while the United Nations armed forces are engaged in restoring international peace and security in the Korea area;

Urges the parties to endeavour to settle their differences by peaceful means and to this end offers its good offices to the parties;

Requests the Secretary General to consult the parties with a view to establishing a mutually agreeable procedure for the appointment of a mediator who, on behalf

of the United Nations would endeavour to assist the parties to settle their differences by peaceful means. Ends.

288. DEA/50056-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 344 New York, November 8, 1950

SECRET. IMMEDIATE.

Following for Reid from Riddell, Begins: Your teletypes No. 229 of November 6th and No. 230 of November 7th — Formosa.

1. Text of alternative draft resolution contained in your teletype No. 230 of November 7th did not reach this office in time for the Minister to examine it before he left for Ottawa. It seems to me that your alternative draft resolution, by limiting Assembly's recommendation to duration of Korean war and doing no more in regard to long term problem than enjoining peaceful procedures upon Chinese Communists and Nationalists, is an ingenious way of reducing to a minimum the United Nations commitment on Formosa. It seems to me, however, that object of United States policy is to commit United Nations as fully as possible to defence of Formosa, and they would dislike intensely the alternative resolution you have proposed. If, therefore, we canvass other delegations on the possibility of putting in a resolution along the lines suggested, we shall immediately encounter the hostility of both United States and United Kingdom delegations. I think for this reason that before we consider further the possibility of alternative draft resolution along the lines suggested in your teletype No. 230 of November 7th, we should have a clear instruction in this regard.

2. The Minister did, however, see your telegram No. 229 of November 6th, and he agreed that I should prepare a memorandum on the basis of this telegram and show it to the United Kingdom delegation, and possibly to the United States delegation, as an indication of our misgivings. This memorandum is now in the course of preparation. I shall not, however, show draft resolution in your teletype No. 230 of November 7th to other delegations pending further instructions from you.

3. I have repeated your two teletypes under reference to Mr. Wrong in Washington. Ends.

289. DEA/50056-A-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 251 Ottawa, November 9, 1950

SECRET. IMMEDIATE.

Following for Riddell from Reid; Begins: Your teletype No. 344 of November 8, Formosa.

1. I discussed with the Minister late yesterday afternoon the question whether you should show our alternative draft resolution to the United States, the United Kingdom and the Indian delegations. The Minister's decision is that you should show these delegations the memorandum which you have prepared but that you should not, for the present at least, show them the draft resolution.

2. One of the reasons for his decision is that if we were to show our draft resolution now we would immediately be subjected to pressure from the United States and the United Kingdom to amend it. He, therefore, thinks that the resolution should be kept in reserve for possible introduction in the Committee after the debate has started.

3. So far as the United Kingdom-United States draft resolution is concerned, the Minister says that we certainly cannot sponsor it and that we might have to vote against it in Committee.

4. I think it would be useful if you were to send to Washington and to us the text of your memorandum and if Washington were to take it up on a pretty high level in the State Department. We will consider here whether we should send it to London so that Canada House can discuss it with the Foreign Office.

290. DEA/50056-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies
au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly,
to Secretary of State for External Affairs

TELEGRAM 380 New York, November 13, 1950

SECRET. IMMEDIATE.

Repeat Washington No. 49.
My teletype No. 379.† Formosa.
Following is text of memorandum concerning proposed draft resolution on Formosa:

OBSERVATIONS CONCERNING PROPOSED DRAFT RESOLUTION ON FORMOSA

Both Chinese factions are firmly opposed to any proposal that will question their unshakable conviction that Formosa is and shall remain a part of the Chinese State. Some Asian opinion, which reacted strongly to President Truman's statement of June 27th "neutralizing" Formosa, may equally be suspicious of any proposal that might appear to them to give United Nations approval for maintaining Formosa as a part of the United States military defence arc in the Western Pacific. It might also be considered by people in Asia that any proposal that the United Nations should assume jurisdiction concerning the future disposition of Formosa is an undesirable interference in the internal affairs of China. Some powers may well be doubtful of the wisdom of the United Nations assuming any responsibility for Formosa extending beyond the duration of President Truman's "neutralization", which he said in a conference on August 31st would be terminated at the end of the Korean campaign. Some might also question what they would consider a repudiation of the Cairo declaration. Any solution which appeared to ignore China's title to Formosa would never be acceptable to the Chinese people and Formosa would remain the object of irredentist ambitions and be a constant source of friction between China and the West. Formosa could only be withheld from Chinese Communist control so long as substantial forces were available for its defence. This would mean a heavy military commitment of indefinite duration, the strategic desirability of which has not been clearly demonstrated. An impartial plebiscite in Formosa would be extremely difficult to arrange as long as Chiang Kai-Shek and his forces remain in control there, and it is doubtful if any but the Chinese Communists wish to assume responsibility for removing them or restraining their control in Formosa. If the proposed United Nations Commission recommends that Formosa should be united with the Chinese mainland, even if the transfer is deferred for a period, the problem of disposing of Chiang Kai-Shek and his army would become acute.

2. The revised United Kingdom draft resolution does not indicate when the Commission is to report to the General Assembly. It could hardly report to this session. If the Commission's report is not made until the next session, the United Nations may be assuming a moral obligation to prevent either side from seeking a solution by force before then. This is an obligation that would extend beyond that undertaken by President Truman in June when, according to the report of his press conference on August 31st, he said, "Of course, it will not be necessary to keep the seventh fleet in the Formosa Straits if the Korean thing is settled. That is a flank protection on our part for the United Nations forces."

3. The revised United Kingdom resolution sets the Formosan problem against the background of "the maintenance of international peace and order in the area", going beyond the implication of President Truman's statements of June 27th and July 19th that the "neutralizing" of Formosa was related to the Koran operations. This leaves the way open for proposals that Formosa should be detached from China or permanently neutralized, and the attitude adopted by some delegations, particularly Latin American delegations during the discussions on China in 1949, suggest that some such radical proposal might well be put forward. It is by no means clear that the political complications and the heavy military commitment that would arise immediately an effort were made to restrict Chinese control over

Formosa or remove the Island from effective Chinese authority would be offset by corresponding strategic compensations.

291. DEA/50056-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 394 New York, November 14, 1950

SECRET. IMPORTANT.

Repeat Washington No. 51.

FORMOSA

Following from Riddell, Begins: Revised memorandum on Formosa has now been shown to United Kingdom, Australian, New Zealand and Indian delegations. As you suggested, I informed Indian delegation that copy of memorandum was being given to their Department of External Affairs by our Embassy. Indians inform me that, although they had originally been favourably impressed with the draft resolution, they did not now think they would be able to support it. Berendson, after brief examination of the memorandum, said that he did not see what else we could do except support proposals for a Commission on Formosa and that he would like to know what conclusions we drew as a result of expression of misgivings contained in our memorandum. United Kingdom delegation asked whether we had given a copy of our memorandum to Americans, and said they considered it was our responsibility to express these misgivings to the United States delegation. I said that we had not given United States delegation a copy of the memorandum nor were we at present discussing the question with them. I said, however, that the Minister had given Mr. Acheson personally some idea of our misgivings when he visited Washington recently.

2. United Kingdom delegation has not yet received firm instructions either to sponsor the draft resolution or to support it. They are not therefore certain whether they will be in a position to put it in when the debate on Formosa opens and neither are they certain whether draft resolution has been finally approved by United States Government, although they are inclined to think that United States Government approves the resolution in its present form. United States delegation here, at the official level, is considering for membership on the Formosan Commission the following States: United Kingdom, United States, India or Burma, Thailand, Philippines and Australia. In the light of comment made today by Indian delegation, I would not, however, expect India to accept the nomination. Ends.

292. DEA/50056-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 409 New York, November 16, 1950

SECRET. IMPORTANT.

Repeat Washington No. 53.

FORMOSA

When Political Committee concluded discussion on Greek item at noon Wednesday, Chairman announced that Committee would re-assemble in afternoon to discuss Formosa. Expectation was that United States delegation would immediately introduce a resolution. Morning press had carried a summary of proposed United States resolution, and during Wednesday morning United States Press Officer confirmed to correspondents report that United States resolution would be tabled.

2. When Committee met, however, Dulles said that, because discussions concerning Formosa would shortly take place in Security Council, and also because of unsettled conditions in the Far East, United States delegation now wished to postpone consideration of Formosa by Political Committee. He therefore proposed that item should be placed last on Committee agenda.

3. Apparently during noon hour Wednesday Americans realized for first time that support for their resolution was not assured. United Kingdom delegation had not yet been given clearance even to vote for it, much less sponsor it. Australian delegation was likewise uncertain of its position, and refused entirely to accept nomination for proposed Commission. United States may also have learned that Indians would not support their resolution or serve on this Commission and they were reminded during the morning of Canadian misgivings. In the light of these circumstances, Dulles apparently first suggested that debate should go forward without any resolution being tabled. He was dissuaded from this course of action by Younger and he then decided to suggest postponement.

4. After Dulles had made his proposal for deferment in Committee, he was followed immediately by Tsiang who suggested that his item on Soviet aggression in China be taken next, and that he be granted 24 hour adjournment to give him time for preparation. Malik at once seized the initiative which had been dropped by Dulles to attack United States policy in Formosa. He said that U.S.S.R. considered United States item on future of Formosa inappropriate, since United States had already signed undertaking to restore Formosa to China. As far as he was concerned, discussion on this subject could be postponed indefinitely. He would, however, like to discuss his item on United States aggression against China in Formosa, and he was prepared to do so immediately. A confused discussion on procedure then took place, at the conclusion of which it was decided to take up Tsiang's item

next, then U.S.S.R. item on Formosa and finally United States item on Formosa. In the course of this discussion, Malik tried unsuccessfully to persuade the Committee to consider a proposal that the Communist Chinese should be asked to participate in the discussion of his item. Because of intervening plenary session, Committee adjourned until Monday.

5. Dulles, in defending his request for postponement against Malik's derisive criticism, said that when United States had put Formosa on the agenda, Korean war seemed near its conclusion. Now, however, Chinese intervention had prolonged that war, China was also intervening in Tibet and Indo-China, and primary objective now must be to assist Security Council in preventing general war in the Far East. In this part of his statement, which probably sounded more ominous than he realized or intended, he came very close to saying that war with China was so imminent that it would be a waste of time to discuss the future of Formosa.

293. DEA/50056-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2958 Washington, November 16, 1950

SECRET
Repeat Permdel No. 318.

FORMOSA

1. A copy of the revised memorandum on Formosa was given to Clubb, Director of the Chinese Office at the State Department, yesterday afternoon. Clubb said that he was very glad to receive this statement of our views but showed no disposition to make any comments. In fact, he merely reiterated what we had been told before that the United States Government believes that it is necessary for some time to come to take precautions against possible attempts to solve the Formosa problem by force because of the psychological effect that Communist armed success would have in Asia at this time.

294. DEA/50056-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 433 New York, November 18, 1950

SECRET. IMPORTANT.

Repeat Washington No. 55.

FORMOSA

Following for Under-Secretary from Riddell, Begins: Our telegram No. 409 of November 16th.

1. United Kingdom delegation has now suggested a somewhat different explanation than the one given in telegram under reference for the sudden request of the United States delegation for postponement of the debate on Formosa. According to this explanation, at the last moment a sudden difference of opinion emerged in the United States delegation over the terms of the draft resolution on Formosa. Some members of the delegation, of whom Senator Lodge was the most outspoken, insisted that the draft resolution was not sufficiently explicit in indicating that Formosa should not (repeat not) be restored to China, and that if the United States delegation submitted this resolution, it would be taken that they were trying to appease the Communist Chinese. In view of this difference of opinion, United States delegation decided to ask for postponement.

2. At a meeting of the Commonwealth delegations on Friday morning last, there was a general review of the position in regard to Formosa. Younger and Jebb did not (repeat not) seem to consider that resolution establishing a Commission on Formosa would necessarily involve United Nations in any commitment, either to defend the island or eventually to do anything about the proposals which the Commission might put forward. If United States eventually submitted resolution along the lines of the draft which had been prepared, they would therefore give it their support. They did not, however, think that any of the great Powers should be represented on the proposed Commission.

3. Berendsen of New Zealand concurred in United Kingdom position and said that he thought the draft resolution was the least that could possibly be done once the subject had been put on the agenda, as was now the case. South African delegation said that it was prepared to support the draft resolution as a first step, but it seriously doubted whether United Nations would have the competence to carry out anything that the proposed Commission might recommend. Pakistani said his Government would support draft resolution. Mr. Pearson on the other hand suggested that effect of draft resolution would be to put the United Nations on the road towards a major commitment in regard to Formosa, and that even though this were only a first step, it would be difficult later to retreat. Indian representative said that

this was now generally their position, and stated explicitly that they could neither support the resolution nor serve on the Commission. Keith Officer said that Australian Government would be unable to support the draft resolution because of considerations similar to those suggested by Mr. Pearson.

4. Since there will probably be further discussions on this question amongst Commonwealth delegations and with the United States within the next few days, it would be useful to know whether the Department had any comment on the position as outlined in the draft statement contained in my telegram No. 401 of November 15th.† This statement was drafted on the assumption, which may not (repeat not) be correct, that delegation will take some part in opposing United States draft resolution if it is eventually submitted. It may, however, be difficult to oppose the United States publicly on this subject, especially since the questions raised in the proposed draft statement are somewhat similar to arguments advanced by the Soviet delegation. There might therefore be some advantage in trying to persuade the United States privately either to modify its position before the resolution is put in, or alternatively to have the subject postponed until next year.

5. Full account of the discussion on Formosa in the Commonwealth delegations meeting is contained in minutes† which are being forwarded by bag. Ends.

295. DEA/50056-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 445 New York, November 20, 1950

SECRET. IMPORTANT.

Addressed Washington No. 57.

FORMOSA

1. You will have seen from telegrams from the delegation during the week-end that there is some likelihood that, when Formosa item is reached on Agenda, United States delegation will press for resolution in even stronger terms than draft recently under consideration. On the other hand, it is clear that there is growing concern, amongst Commonwealth delegations at least, over prospect of extending United Nations commitment in Far East through establishment of Commission on Formosa.

2. In these circumstances, I think we should take the opportunity given by postponement to review with the State Department the position in regard to Formosa. I hope United States officials realize fully that we are opposed to the acceptance by the United Nations of any commitment in Formosa beyond the limits already accepted by Mr. Truman for the United States, — neutralization for the duration of the fighting in Korea. For this reason, we dislike proposal to appoint a United

Nations Commission to consider the future of Formosa because we think that this would imply a commitment by United Nations to defend the island while the Commission was preparing its report, and might lead to a further commitment arising out of the Commission's report.

3. I have been wondering whether, in view of the misgivings of their friends on this subject, and perhaps also because of their own divided counsels, United States Government might not be prepared to permit the Formosa item to lapse during this Assembly. Arguments which Dulles advanced last week for postponing the item until later in this session will, in all probability, be equally applicable two or three weeks hence. United States delegation might, therefore, be prepared to ask for further postponement on these grounds. Any embarrassment they might feel in doing so would certainly be less than difficulties which will arise if, in Political Committee, impressive common purpose which was shown over Korea disappears during discussion of Formosa.

4. I should be grateful if you would discuss Formosa item with State Department along lines indicated in this telegram and let me know results of your conversations.

5. My immediately following teletype† contains relevant passage of a public statement which I made at Windsor on November 15th.[43] I presume that full text of this statement will have been sent you from Ottawa.

6. Since this message was written, I have had a long conversation with Hickerson, to whom I have expressed most of the ideas expressed above. A full account of my conversation with Hickerson will follow.†

296. DEA/50056-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3024 Washington, November 22, 1950

Addressed Candel No. 57.
Your telegram No. 57, Formosa.

1. I have discussed with Dean Rusk today the arguments for postponing the Assembly resolution on Formosa. Rusk said that this matter was being given consideration and he seemed to think that it was quite likely that the United States would agree to postponement until the next session or to reference by the Assembly to the Interim Committee. He asked me to make it clear to you that postponement was not, in his view, any step to the solution of the Formosa problem and also that it would involve the continued use of the Seventh Fleet, to prevent hostilities between Formosa and the Mainland, for an indefinite period.

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[43] Pour un extrait de cette déclaration, voir *Documents sur la crise coréenne*, pp. 13-14.
For an excerpt from this statement, see *Documents on the Korean Crisis* pp. 12-13.

2. He said that there were three main purposes towards the Formosa issue in the current United States policy:

(a) Formosa should not pass into hostile hands. The United States has the major responsibility for maintaining security in the Far East and in the event of war would have by far the largest military commitment there. The substantial non-Communist resources on the island, both in manpower and in other respects, could not be handed over to Peking at a time of great tension.

(b) They were anxious to prevent the disposition of the island becoming a serious issue between friends whose policies were already divergent on Far Eastern questions. Therefore they favoured injecting it into the United Nations Forum, where it might be discussed in the usual manner for perhaps two or three years, after which the situation should be clearer and the policies of the democratic countries less divergent.

(c) No steps should be taken at the present time which would have the effect of injecting Formosa as a possible issue leading to war.

3. In illustrating these points he made a number of comments. He asked me whether the Canadian Government supported the immediate application of the Cairo Declaration. When I said that we believed that the Cairo Declaration should be observed as requiring that Formosa should become part of China rather than an independent or trusteeship territory, he asked whether that meant that we supported immediate recognition of the authority of the Peking Government over Formosa. I said that we were making no such suggestion, but that our present concern was that the United Nations might by implication be saddled with responsibility for enforcing a recommendation on the future of Formosa if the resolution before the Assembly were adopted. He made it clear that the settled policy here is not to accept the Cairo Declaration as a binding obligation in present circumstances.

4. He also said that the movements of Communist forces on the Mainland seemed to indicate that there was no early intention to deliver an attack on Formosa.

297. DEA/50056-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 479 New York, November 23, 1950

SECRET. IMPORTANT.

Repeat Washington No. 64.

CHINESE ITEM

Following from Riddell, Begins: Late Tuesday and early Wednesday, in consultation with the United Kingdom, Australian and Indian delegations, we made a canvass of other delegations and found that surprising number were prepared to act

together to oppose establishing a Special Commission on the Chinese charges or even referring them to the Interim Committee. Younger and Keith Officer both spoke in this sense early in Wednesday morning's meeting and were supported by several other delegations.

3. In the meantime, however, United States delegation had confirmed its support for Chinese proposal or alternatively for suggestion that question be referred to Interim Committee. Before meeting on Wednesday, Dulles spoke to me and asked that we should refrain from submitting any alternative resolution and that we should not obstruct some action being taken on the Chinese request for further' investigation. At the end of the meeting on Wednesday morning he made a brief but strong statement in the course of which he said that those who opposed further investigation were motivated by unwillingness to press charges against a Great Power. He developed this view at some length but his allegation was summarized in the following sentence:

"The question really is: if we bury it, we will bury it because we are afraid that by looking into this matter we will annoy or aggravate one of the so-called Great Powers."

4. Both Keith Officer and I spoke to Dulles immediately after meeting and said that motives which he has attributed to delegations which did not support his position were discreditable. Officer said that he deeply resented this interpretation of a position which he had taken. I remarked that there were many occasions in United Nations when delegations like ours had supported, voted for and sometimes initiated actions which were disliked by the Soviet Union, and that I did not see how we could leave on the record a suggestion that we were afraid to support his position because we were unwilling to annoy the U.S.S.R. Dulles, who didn't seem to understand what I was talking about subsequently said that he would try to make amends, but a brief statement he made at the opening of the afternoon meeting, was not very helpful. Consequently, after consultation with Mr. Lapointe, I inserted a reference to Mr. Dulles' remarks into a short statement I made in the afternoon. Text of the paragraph referring to Mr. Dulles statement is given in my immediately following teletype.† Full text of statement† will follow by bag.

5. Incident is of importance only as evidence of sensitivity of United States delegation to any opposition to their Chinese policy, and to constant danger that underlying differences on Chinese policies which divide Western States will find disconcerting public expression. This morning (Thursday) for example, Tsiang, in a speech designed to play upon these differences, has compared Dulles to Stimson[44] and has characterized the United Kingdom and France as "appeasers". Ends.

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[44] Henry Lewis Stimson (1867-1950), secrétaire à la Guerre des États-Unis (1911-1913 et 1940-1945) et secrétaire d'État (1929-1933).
Henry Lewis Stimson, (1867-1950) United States Secretary of War (1911-1913 and 1940-1945) and Secretary of State (1929-1933).

298. DEA/50056-A-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 483 New York, November 24, 1950

SECRET. IMPORTANT.

Repeat Washington No. 66.

FORMOSA

Following from Riddell, Begins: Statement regarding Formosa given by Rusk to Mr. Wrong and reported in Washington's telegram No. 57 to New York and WA-3024 to Ottawa of November 22nd is fullest and most coherent account we have yet received of United States policy on this subject. Rusk makes it explicit that strategic importance of denying use of island to Communists outweighs, in United States view, any other consideration. This frank and unequivocal statement is immensely more helpful than Hickerson's unconvincing confidences to the effect that United States was prepared "to take the skeletons out of the cupboard" and state that it now believes that wishes of inhabitants of Formosa must be consulted, and that United States is prepared to concur in anything those inhabitants decided upon, including return to China.

2. Rusk's argument may influence our judgment that it is unwise to proceed in the United Nations with a course of action which will entail a United Nations commitment to defend Formosa. It seems to me, incidentally, that such a commitment will be established whether a Commission is set up or a reference made to the Interim Committee. I wonder, therefore, whether, before we proceed further in discussing with other delegations our attitude towards United States proposals, or in developing our opposition to them, we should not review our policy in the light of Rusk's argument. If it is correct that security in the far east now makes it essential to deny use of the island to Communist Chinese, then we should possibly alter our position. If, alternatively, we continue to oppose the United States proposals, we should I think be quite sure either that we do not concur in United States estimate of strategic importance of island, or alternatively that we consider United States motives in regard to Formosa to have some other origin, such, perhaps, as unwillingness in the face of domestic criticism, to permit further advances to Communist Chinese.

3. With the possibility of some such review of policy in mind, I should like to make this following comment on Rusk's views as expressed in paragraph 2 of Mr. Wrong's telegram under reference:

(a) We have been assuming, I think, that in the long run accommodation with the new Chinese Government was the most important objective, from both the political and strategic point of view, and that with this end in view, we should, even while

accepting a good deal of abuse from Peiping, try to remove or reduce situations which might lead them to believe that they had more to fear from the West than from Moscow. Accommodation with Peiping will never be possible if Formosa is denied to them, or neutralized without their consent. A year ago the defence of Formosa did not seem to figure in United States strategic plans. Are we to assume now that events in Korea and the more menacing aspect of the Chinese Communists make it essential to secure Formosa for strategic reasons, even at the cost of postponing indefinitely any possibility of accommodation with Peiping?

(b) Rusk's statement that they are anxious to prevent the disposition of the island becoming a serious issue between friends seems to me to point, not to Rusk's conclusion that Formosa should be "injected into the United Nations forum", but to exactly the contrary conclusion. The debate on Tsiang's complaint of Soviet aggression which has just concluded is a painful demonstration of the disarray into which the Western Allies fall when they are forced to discuss Chinese policy publicly. It evoked one of the most irritable and indignant speeches I have ever heard from Berendson, who castigated, in the full sense of that term, his fellow Commonwealth delegates for breaking with the United States and choosing strange Communist bedfellows. It enabled Tsiang to observe that Western Europe, in the spirit of appeasement, had sided with Eastern Europe, and that only the United States and Latin America remained faithful to freedom. It gave Dulles the occasion to describe those of us who did not support him as craven and it moved unnumberable Latin Americans to beat their breasts and denounce us for betraying sacred principles which they were prepared to defend to the last United Nations Commissioner. It afforded immense comfort to the Communists, who it seems to me will again be the only ones to benefit from further public humiliation of this kind, which we shall certainly have if we are forced to debate publicly Far Eastern policies about which there are divided counsels.

(c) I am not sure what Rusk means by the statement report in paragraph 2 (c).

4. If it is possible to draw any conclusions from my observations, they seem to be the following:

(a) We should consider whether or not we concur in what appears now to be the United States opinion that it is essential, for strategic reasons, to deny Formosa to the Communists.

(b) If we do concur, we should consider whether the proposed action through United Nations is the least harmful way of achieving that object.

5. I shall await further instructions before proceeding as directed in telegram No. 433 of November 18th. Ends.

299. DEA/50056-A-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 350 Ottawa, November 28, 1950

SECRET

Repeat Washington EX-2421.
Following for Riddell, Begins: Your teletype No. 483 of November 24, repeated to Washington as No. 66. Formosa.

2. We have asked National Defence as a matter of urgency to give us their appreciation of the strategic importance of denying the use of Formosa to the Chinese Communists. As soon as we receive this appreciation we shall review our policy in the light of the military and political considerations.

3. Meantime, I assume that you are keeping in close touch with the Australian and Indian delegations, who share our views.

4. There are some preliminary comments of a general nature which I should like to make on the conclusion in sub-paragraph 3b of your teletype that the recent public exhibition in the General Assembly of the disunity of the West on Chinese issues afforded immense comfort to the Communists who would again be the only ones to benefit from further public humiliation of this kind, which we shall have if we are forced to debate publicly Far Eastern policies about which there are divided counsels.

5. I realize fully how difficult and embarrassing your position was during the debates last week on Chinese issues, and I want to take this opportunity to congratulate you on a fine performance. No one could have done a better job.

6. Any public exhibition of disunity will, of course, benefit the communists. But they would benefit as much, and possibly more, by a public demonstration of Western unity in defence of a bad cause. The gadarene swine made a most impressive public demonstration of unity of purpose and collective action.

7. In democratic countries, but not in Russia, there are every day public manifestations of lack of unity, public debates between advocates of conflicting policies. We pride ourselves on this distinction between our national societies and the Russian monolithic society.

8. I do not think, therefore, that we should be worried too much by occasional public manifestations of differences in the United Nations, though it is always worrying, of course, that the differences do in fact exist. We must always do our utmost to reach agreement in advance of public debate, on a policy which we all honestly believe to be the best in the circumstances. But if we are unable to do this, then there may be occasions when we cannot, or indeed should not, avoid public debate. From the Canadian point of view, such debate will certainly remove the impression that we are satellites of the United States, and that all the United States has to do in

the United Nations on an issue which it considers important is to crack its whip and roll up a huge mechanical majority in the General Assembly.

9. This would bring the General Assembly into disrepute. It would lead to the spreading in the United States of the dangerous delusion that the United Nations can always be counted on to underwrite United States policy. Every member of the United Nations, large or small, must realize that it cannot always have its way in the United Nations.

10. I am not, of course, suggesting that we differ from the United States publicly on a matter which they consider of first class importance, merely for the sake of differing. I believe, however, that there may well be occasions in the future, as in the past, when we will have to express our differences with United States policy in the United Nations and elsewhere, though always seeking beforehand a solution which will make unnecessary such expression. It may be that Formosa will provide such an occasion, in spite of our best endeavour to avoid it.[45]

300. DEA/50028-AR-40

Comité des chefs d'état-major
Livre N° 37 (50)

Chiefs of Staff Committee
Paper No. 37 (50)

TOP SECRET Ottawa, November 29, 1950

THE STRATEGIC IMPORTANCE OF FORMOSA

OBJECT

1. To assess the strategic importance of Formosa to the enemy:

(a) under present conditions;

(b) in terms of a full-scale war with communist China; and

(c) in terms of a full-scale war with the USSR.

ASSUMPTION

2. It is assumed that if the Communist Chinese occupy Formosa they will also occupy the Pescadores Islands.

FACTORS

Strategic Position

3. Formosa is approximately 225 miles long and varies from 60 to 80 miles in breadth. The island has a broad coastal plain in the west, the coast of which is well suited for large scale amphibious operations. It is one of a chain of islands extending from Kamchatka to Indonesia. It is approximately 100 nautical miles from the coast of China and within 500 nautical miles of Hong Kong, Okinawa and

[45] L'étude du document américain sur Formose a été reportée indéfiniment le 7 février 1951.
Consideration of the American item on Formosa was postponed indefinitely on February 7, 1951.

Luzon. Dairen, a Soviet submarine base, is approximately 1,000 miles distant. The closest Soviet territory is Vladivostok, approximately 1,300 air miles distant.

Political

4. The Nationalist Chinese government has controlled Formosa since 1945. The Communist Chinese government has announced that it intends to take over the island at the earliest possible date. The island is the centre from which the Nationalists organize their operations against the Communists on the mainland. The United States government, at the beginning of the Korean war, announced that it would use its naval forces to neutralize the island pending the end of the war in Korea, thus preventing the Communist Chinese government from attacking the island. This unilateral action on the part of the United States has gained support principally from the Latin American countries, but the major Western Powers have not associated themselves with the United States' action, and some of the Far Eastern countries are thought to disapprove.

5. The people of Formosa probably have no preference between the Nationalist Chinese and the Communist Chinese. There was a bloody revolt against Nationalist maladministration in 1947 and the Formosans would probably prefer independence to any other status.

Economic

6. The population of Formosa, including the army and adherents of Chiang Kai-Shek, is approximately 8 million.

7. The economy is primarily agricultural and the island is self-sufficient in foodstuffs, although dependent upon imported fertilizers. It produces an exportable surplus of rice (800,000 tons in 1949-50), sugar, tea and fruits, and half of the world's camphor.

8. Abundant low-grade bituminous coal is mined (1.6 million tons in 1949), and small amounts are exported. Domestic production of petroleum is insignificant. Some non-ferrous metals are mined and salt is produced in exportable quantities. There is a 2 million kilowatt hydro-electric potential of which about 20 per cent has been developed.

9. Sugar refining is the most important industry. Cement is produced at the rate of 250,000 tons annually, and the production of fertilizers meets one sixth of the island's requirements. Crude oil is imported and the most important refinery has a capacity of 720,000 tons. Metallurgical industries produce 2,000 tons of aluminum annually from imported bauxite as well as small quantities of nickel-cobalt.

10. The transportation system is adequate for the economy.

11. *Ports and Merchant Shipping*. Formosa has two principal ports and about nine very minor ones. The largest and most important is Keelung (Kiirun) on the north coast, and the second is Kaohsiung (Takao) in the southwest, both deep-water ports. The former has a daily discharge capacity of 20,000 tons and the latter 14,000 tons. The Nationalist Chinese government controls a high proportion of Chinese merchant shipping, consisting, in August 1949, of approximately 140 vessels totalling 400,000 gross tons, including 23 tankers.

12. *Airfields*. Seventeen airfields and landing grounds are serviceable or could quickly be made so. Eleven have runways surfaced with concrete or macadam; five have runways of 5,000 feet or more. None is capable of taking modern heavy bombers or B-29 aircraft, but six are usable by Skymasters. About 50 former air facilities are classified as potential sites.

Armed Forces

13. *Army*. The Nationalist Chinese army has a strength of 300,000 men. There are no reserves. It has a conglomerate collection of obsolete equipment in poor repair, including approximately 500 tanks and 450 other armoured vehicles.

14. *Navy*. The Nationalist Chinese navy consists of 44,000 men. It has 7 destroyers, 20 escorts, 25 gunboats, approximately 18 minesweepers, 34 landing craft and numerous auxiliary vessels. There are three naval bases: Tsoying (Toshien), the main naval base, Keelung, a submarine base, and Makung (Mako), in the Pescadores Islands.

15. *Air Force*. The Nationalist Chinese air force consists of approximately 85,000 men and 800 to 1,000 aircraft, of which approximately 50 per cent are in operational units. The majority of aircraft are fighters. Other components consist of ground attack, light bombers, reconnaissance and transport aircraft. Operations are dependent upon foreign sources for logistic support.

DISCUSSION

General

16. *Political*. Formosa's principal political importance derives from the fact that it is not yet in Communist Chinese hands. So long as it is kept from the latter, Formosa acts as a source of discord among the non-communist members of the United Nations and effectively prevents any rapprochement between Communist China and the Western Powers. The incorporation of Formosa in the Communist Chinese state would add to the internal prestige of Mao Tse-tung and would greatly decrease the extent of nationalist intervention in continental China by eliminating the principal nationalist base. It would have little effect on his international prestige. It would cause a certain amount of dissension within the United States, where Formosa has acquired a domestic political importance in the debate between the two principal parties over Far Eastern policy. It is considered that the political effects of the incorporation of Formosa in Communist China would be the same in any of the three circumstances postulated in the Object.

17. *Economic*. China suffers from a serious food shortage and would derive some benefit from Formosa's surpluses of rice, sugar and other foods. Formosan industry is largely dependent upon imports and its products are small in relation to Chinese requirements. Industrial products, with the exception of aluminum, are of little strategic value. Under any of the three circumstances named in the Object, the possession of the economic resources of Formosa would be of some value to Communist China.

Strategic Importance of Formosa under Present Conditions

18. Possession of Formosa by communist Chinese forces would have little significance from the military point of view under present conditions although it is likely that the Communists would secure a portion of the military equipment and personnel of the Nationalist forces and merchant fleet.

Strategic Importance of Formosa in a Full-Scale War with Communist China

19. Possession of Formosa would deny to the Allies a base from which offensive operations against China could be launched. In addition to those advantages mentioned in paragraph 18, the Communists would obtain the following advantages:

Air

(a) *Maritime Operations*. Maritime operations could be extended into the Pacific by a further 150 nautical miles, although this would not include any additional significant areas. Furthermore, even without Formosa, the air force could, from bases on the mainland, cover all sea lines of communication passing between the Philippines and the Chinese mainland.

(b) *Tactical Bomber and Fighter Operations*. Northern Luzon in the Philippines could be brought within the radius of action of jet and piston-engined fighters, and light bombers could penetrate as far as the Manila area.

(c) *Airborne Operations*. Luzon from the Manila area northward would come within the radius of action of airborne operations from Formosa.

Navy

(d) It would provide advance bases for aggression in the islands of the South Pacific.

(e) It would provide Communist control of the Formosa Strait and deny naval bases to the Allies whose nearest operating bases to the China Coast would then be Hong Kong, the Philippines, Okinawa and Japan. As a result allied shipping would be more vulnerable to attack.

(f) It would facilitate mining of the Formosa Strait.

(g) Communist China's present naval strength would not allow her to take full advantage of Formosa's bases and strategic position, but in the event that she were given ships by the Soviet Union, she could attack vessels sailing from the Philippines and Hong Kong to Japan.

Ground Forces

(h) Formosa could be used as a base from which offensive airborne or amphibious operations might be launched. Adequate airfields exist to enable two airborne divisions (Western scale) to be launched. The two main ports of Keelung and Kaohsiung, together with several small harbours on the west coast, are capable of handling the assault craft and maintenance of up to 20 divisions (Western scale), provided the necessary stores were stockpiled beforehand and subject to the availability of the necessary naval and air lift.

Strategic Importance of Formosa in a Full-Scale War with the USSR

20. Strategically, the possession of Formosa, in addition to those advantages mentioned in paragraph 19, would provide the USSR with additional land, air and

naval bases from which to conduct operations against the Philippines, Okinawa and Guam. However, the great importance to the USSR and China must remain its denial to the West for offensive purposes against the mainland.

CONCLUSIONS

21. It is concluded that:

(a) *Politically*, possession of Formosa would greatly decrease the extent of Nationalist intervention in continental China by eliminating the principal Nationalist base;

(b) *Economically*, the resources, and in particular the food surpluses, of Formosa would be of some value to Communist China;

(c) The strategic importance of Formosa *to the enemy under present conditions* is slight;

(d) The strategic importance of Formosa *to the enemy in a full-scale war with Communist China and/or the USSR* would be to provide the Communists with an additional base for launching offensive operations and, more important, to prevent the West from using it for offensive operations against the mainland.

301. DEA/50028-AR-40

Le sous-secrétaire d'État aux Affaires extérieures au chef d'état-major général

Under-Secretary of State for External Affairs to Chief of General Staff

TOP SECRET Ottawa, December 8, 1950

Dear General Foulkes,

FORMOSA

I refer to paragraphs 9-11 of telegram No. WA-3149 of December 6† from Washington summarizing the Attlee-Truman talks, copies of which have already been sent to the Secretary, Chiefs of Staff Committee. I enclose another copy for your convenience. These paragraphs indicate the U.S. are taking a very strong line on the question of Formosa, presumably on the advice of their Chiefs of Staff. Paragraph 11 indicates that the U.S. position is "based on a new strategic appreciation of its [Formosa's] importance to the U.S. defence system in the Pacific", and that the U.S. and U.K. attitudes on Formosa at present are "miles apart".

Since Formosa is almost certain to be a very important issue in any Far Eastern settlement, it might be very useful to know precisely what are the views of both the U.S. and U.K. Chiefs of Staff on its strategic importance. I appreciate that it would be unusual and perhaps not very tactful to approach either formally with a direct request for their views. It occurs to me, however, that you might be able to obtain these views on a personal basis. Perhaps you might have some opportunities for some "off the record" discussion when at the Military Committee meetings in London.

Anything you could do in getting us information on these matters would be greatly appreciated.

Yours sincerely,
A.D.P. HEENEY

302. DEA/50028-AR-40

Le chef d'état-major général
au secrétaire du Comité des chefs d'état-major

Chief of General Staff
to Secretary, Chiefs of Staff Committee

TELEGRAM 2575 London, December 18, 1950

TOP SECRET. PRIORITY.

For Heeney from Foulkes. Further to my CJS(L)M311.†

1. I had a long talk with Admiral Sherman[46] and General Greunther on the question of Formosa. They both explained that the strategical value of Formosa was more negative than real. In other words they would be quite happy with Formosa being neutralized or in the control of anybody except the Communist Chinese. They emphasized that it would in the American Chiefs' view be intolerable to have their air routes between Okinawa and the Philippines interfered with by long-range fighters based on Formosa. I then put the direct question as to whether Formosa was of such strategical value to the U.S. that it was worthwhile fighting for. Both Sherman and Greunther came back immediately to say that in their opinion it was not worth risking a war and hastened to reaffirm that that did not mean that the Americans had any intention of relieving the seventh fleet from the responsibility of stopping Communist China capturing Formosa. They said there was a great difference between fighting a war over Formosa and attempting to keep it neutralized. I then asked whether the importance of Formosa would lessen should the Americans leave Korea. They both agreed it would and emphasized that they weren't going to leave Korea until a satisfactory solution to the Chinese difficulty was reached. I then asked the question were they intending to build up and fight a major war to re-occupy North Korea. They both shrugged their shoulders and said they didn't think so. Greunther then went to some length to explain that it was very difficult to answer these military questions without delving into the political business. He re-affirmed that the fighting in Korea was based on political considerations. Admiral Sherman intervened with remarks that there were always great difficulties in fighting these kinds of limited battles in which the Commander was constantly being tied by political considerations. He re-affirmed the view which I had expressed in a recent paper regarding strategical bombing. That it was necessary continually to remind the political authorities that when these political battles

[46] Le vice-amiral Forrest P. Sherman, chef des opérations navales des États-Unis.
Vice-Admiral Forrest P. Sherman, United States Chief of Naval Operations.

developed into a stage where the security of the Allied forces was threatened, then it must be understood that the military Commander must be allowed to use all the weapons and all the facilities at his disposal whenever and wherever he sees fit for the security of his forces. Sherman said he was very worried over this question of hamstringing the military. I then asked the question as to where in their opinion our main strategical interest lies. They both agreed it was in Western Europe and they both reluctantly came to the conclusion that there was a grave danger of trying to save face in the Far East and having too little too late in the West. However they continued to argue that to admit defeat in the East would only hasten the day when the Russians would feel strong enough to take us on in the West. Perhaps as you know it is common knowledge that Greunther is to be the Chief of Staff to Eisenhower and therefore I felt it desirable to secure his views on this question as there is no doubt he will be advising Eisenhower over this weekend. Greunther and Sherman left by air last night to brief Acheson and Pace before they come to the meetings in Brussels. Greunther was not sure whether he was coming back to Brussels but I rather suspect he is because Spofford remarked to me last night that he would be very unhappy if he could not get Greunther's advice in Brussels. From other sources I have gathered that there is genuine concern about Greunther leaving the Pentagon.

2. Dana [Wilgress] and I are busy re-writing your paper on re-organization of NATO.[47] I will be quite surprised if you recognize the paper by the time you arrive in Brussels. I am attempting to bring the military paragraphs into line with what we have been discussing here. Then if you and Claxton agree with the paper I suggest that Dana should peddle around the political parts and I should attempt to get the military people to agree with the military parts. It is my view that we will never get the paper accepted without this kind of preparation. You would be surprised at the alarm and despondency which your paragraph on the military side created in the military sections. I am quite sure we must regain the military confidence which we have had before and as you know the smaller nations still look to Canada to take the lead in the Military Committee in military affairs. Looking forward to seeing you in Brussels. We hope to have the paper ready by then.

[47] Voir le document 614./See Document 614.

SECTION E

DISPOSITION DES ANCIENNES COLONIES ITALIENNES
DISPOSITION OF FORMER ITALIAN COLONIES

303. DEA/50126-40

Note du chef de la Direction des Nations Unies pour le sous-secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Head, United Nations Division, to Acting Under-Secretary of State for External Affairs

[Ottawa], September 21, 1950

PROPOSED FEDERATION OF ERITREA WITH ETHIOPIA

I should like to refer to the compromise proposal for the "federation" of Eritrea with Ethiopia which was worked out among the members of the Interim Committee under the guidance of the chairman, Mr. Muniz.[48] The text of this proposal was contained in Mr. Riddell's telegram No. 604 of August 25th,† copy of which is attached. This proposal, as you know, was almost accepted by the Interim Committee and will almost certainly be reconsidered in its present, or in a slightly altered form in the General Assembly.

2. This proposal seems to be the most likely way of finding a solution for a difficult problem and merits our support. However, it is important, I think, that we realize what seems to me the revolutionary nature of the proposal. A proposal which apparently would settle only a minor problem of the United Nations could set an extremely important precedent. The significance of the programme arises in particular, I think, from paragraph 7 in which it is proposed that the United Nations prescribe a Bill of Rights for residents of Eritrea. In other parts of the proposal, constitutional features are prescribed not only for Eritrea but for Ethiopia as a whole. It is, perhaps, one thing for the United Nations, at the request of the victorious powers, to prescribe a constitution for a former Italian colony but it is going a good deal further to prescribe a constitution, in part at least, for an original member state. In order to understand the nature of what has been done, let us suppose that the opponents of confederation in Newfoundland had appealed to the United Nations and that the General Assembly, in order to achieve an amicable settlement, prescribed a union of Newfoundland with Canada which obliged the Canadian Government to recognize certain fundamental rights in the province of Newfoundland and to set up a particular kind of "federal council". There seems to me little doubt that we should say the action of the Assembly was contrary to Article 2(7) of the Charter.

3. I should not like to suggest that I am necessarily proposing opposition to this proposal because of its revolutionary nature. It seems to me, however, that we

[48] Voir le document 247./See Document 247.

should realize what we are doing. When I was sitting in the Interim Committee I endeavoured, on a number of occasions, to raise, with the United Kingdom and United States representatives, the question of the extent to which the General Assembly would be obliged to enforce its will in perpetuity on Ethiopia. They were so much interested in finding a solution that they did not want to pause in order to contemplate the long-range implications of what they were doing. The only representative who seemed to share my anxiety was the Netherlands representative who had clearly in mind the way in which the Indonesian Government had, in a very short time, altered a constitution upon which agreement had been reached with an outside party.

4. It seems to me that we must either recognize that the Assembly is moving well in advance of what were the intentions of the founders at San Francisco, or else they are being hypocritical. When I raised the question with some of my colleagues in the Interim Committee as to whether the Assembly would be obliged to take action if, in future, the Ethiopian Government made constitutional changes contrary to this resolution or whether the Ethiopian Government could, in future, plead its right to take whatever action it wished under Article 2(7), there was a tendency to say that the Assembly could not interfere with a member's desire to alter its own laws. This seems like the commonsense interpretation but if we accept this interpretation then how can we say that we are providing the "federal" solution which firmly guarantees the rights of Eritrean minorities?

J.W. HOLMES

304. DEA/50126-40

Note du sous-secrétaire d'État par intérim aux Affaires extérieures pour le chef de la Direction des Nations Unies

Memorandum from Acting Under-Secretary of State for External Affairs to Head, United Nations Division

CONFIDENTIAL Ottawa, September 22, 1950

I return to you the memorandum of September 21 on the proposed federation of Eritrea with Ethiopia.

2. I suggest that you should, in consultation with the Legal Division and Miss MacCallum, prepare a teletype to the Canadian Delegation to the Assembly setting forth the problem.

3. I am inclined not to be as concerned as you are over the precedent which is being set, since the precedent is, I think, a pretty narrow one. The Assembly has, I think, an undoubted legal right under the Italian Peace Treaty to prescribe a constitution for Eritrea and to require that Ethiopia accept this constitution in the international instrument transferring Eritrea to Ethiopia. I would also think that the Assembly has a legal right to require Ethiopia to make changes in its own constitution as a *quid pro quo* for the federation of Eritrea with Ethiopia.

4. Article 2 (7) of the Charter is not, to my mind, inconsistent with this interpretation of the power which the Assembly has been given by the Italian Peace Treaty.

The domestic jurisdiction clause in the Charter merely states that nothing in the Charter authorizes the United Nations to intervene in certain domestic matters. It does not say that the United Nations cannot be given power by international instruments other than the Charter to intervene in domestic affairs.

5. In particular, the domestic jurisdiction clause must be read along with Article 107, which says that nothing in the Charter shall invalidate or preclude action in relation to enemy states, etc.

6. The other point which you raise has, I think, greater substance — that is, the extent to which the General Assembly would be obliged to enforce its will in perpetuity on Ethiopia. I would submit that, no matter how far-reaching are the international obligations which Ethiopia may be required to assume by the Assembly as a condition for the acquisition of Eritrea, the Assembly need not enter into any obligation to enforce its will on Ethiopia. Should Ethiopia not live up to its promises, it will be in default on its international obligations and may be found to be in default by the International Court. In that case Article 94 of the Charter will apply.[49]

E. R[EID]

305. DEA/50126-40

Note du chef de la Direction européenne pour la Direction des Nations Unies

Memorandum from Head, European Division, to United Nations Division

CONFIDENTIAL [Ottawa], October 6, 1950

FEDERATION OF ERITREA WITH ETHIOPIA — CONSTITUTIONAL ARRANGEMENTS — FUNCTIONS OF THE UNITED NATIONS ASSEMBLY

The European Division concurs with the interpretation of the Assembly's functions embodied in Mr. Reid's memorandum of September 22, 1950 except in one point made in paragraph 3. It is our understanding that Annex XI of the Italian Peace Treaty does not authorize the Assembly in a legal sense to prescribe a constitution for Eritrea or to require acceptance of the constitution by Ethiopia, although in a general sense this is what members of the Interim Committee have had in mind. What the Italian Peace Treaty did was to refer the question of the disposal of the former Italian colonies to the General Assembly of the United Nations "for a *recommendation*". The Four Powers agreed "to accept the *recommendation* and to take appropriate measures for giving effect to it". (The italics are ours).

2. If the Assembly decides to recommend the federation of Eritrea with Ethiopia it appears to us that the appropriate measures for giving effect to the federation plan

[49] Aux termes de l'article 94, section 2, le Conseil de sécurité peut, si nécessaire, prendre des mesures pour appliquer les décisions de la Cour internationale.
Article 94, Section 2 permits the Security Council to take action to enforce judgements of the International Court if necessary.

would have to be undertaken by the United Kingdom as the agent on the spot of the Four Powers. If the Assembly recommended the appointment of a United Nations Commissioner to facilitate the transfer of power and the drafting of a constitution, the United Kingdom would be expected to cooperate with him as one of the "appropriate measures" it has promised to take.

3. It is obvious that if the Assembly adopted a resolution which Ethiopia opposed and refused to help carry out, the United Kingdom would be placed in an impossible position, since measures it might take to put the recommendation into effect would lead to nothing. For argument's sake, however, it might be observed that if the Assembly did adopt a resolution to which interested parties were irreconcilably opposed, the United Kingdom would be obliged to refer the question back to the Assembly for further consideration after trying and failing to carry out the recommendation. The true function of the Assembly, as we see it, is to try to find an agreed solution since this was beyond the capacity of the Four Powers, and to provide a framework within which the agreed solution can be implemented through the adoption of appropriate measures by the United Kingdom Government. If this interpretation is accepted, the Assembly would be remaining within the functions planned for it at San Francisco by the founders of the United Nations.

4. We agree with Mr. Holmes that the proposed federation plan would make extraordinary demands on an independent state which is a member of the United Nations, but it is our feeling that the Assembly ought clearly to be allowed to state the terms on which it would be willing to see Ethiopia enjoy the advantages of a closer political association with Eritrea. We are concerned, however, that nothing in the federal plan proposed by the Assembly should interfere with the success of Emperor Haile Selassie's own measures of reform in Ethiopia itself. It should be possible to avoid this danger if the Assembly draws up its resolution in consultation with Ethiopian representatives. This again points to the importance of securing an agreed solution of the Eritrean problem.

5. It is not likely that during the lifetime of the present Emperor an arrangement for a federal constitution once accepted would be reversed. The first practical difficulty likely to arise is in connection with the Eritrean Bill of Rights, to which Mr. Holmes has drawn special attention. In particular, arrangements to protect the life and property of foreigners will undoubtedly occupy a substantial proportion of the attention of the British military administration, the Ethiopian Government and any United Nations representative who may be appointed to help work out the detailed provisions of the Eritrean constitution. Here again, in our view, it is the function of the Assembly to establish as wide an area of agreement as possible. In this case it would give special attention to Italian interests, which are chiefly involved, as the soundest basis for its recommendation. In this connection it should be remembered that in Ethiopia itself the life and property of Italians have been protected adequately since the war. Although there is no doubt that Italians in Eritrea will feel themselves to be in an exposed position, in practice their problem can perhaps be met by giving the federal authorities some responsibility for maintaining internal security and good order in the entire federal area, as has been proposed in the draft resolution worked out by Muniz and some of his associates in the Interim Committee in consultation with representatives of Ethiopia and Italy.

6. The Assembly will presumably address itself to working out a reasonable basis of federation which Emperor Haile Selassie can accept, including guarantees of the rights of foreign nationals which Italy can accept. The Assembly's recommendation would then be communicated, as we understand it, to the governments of the Four Powers, and the United Nations Commissioner would proceed to Asmara secure in the knowledge that the Four Powers must let the United Kingdom take appropriate measures to put the recommendation into effect.

7. The possible revocation of constitutional rights of foreigners in Eritrea, which Mr. Holmes rightly asks us to consider at this stage, could not take place until after the withdrawal of the British administration and the United Nations Commissioner. If any such move were attempted after their withdrawal and Italian settlers in Eritrea suffered abuse or discrimination, it would be open to Italy to take the matter up with the federal authorities in Addis Ababa through normal diplomatic channels, in the same way that Italy would discuss with the authorities in Belgrade any threat to Italian nationals in Croatia. We are inclined to think, however, that the Addis Ababa authorities would not in fact attempt to tamper with the "human rights" clauses of the Federal Act, though it is quite within the realm of possibility that in a country as primitive as Eritrea these clauses might not always be satisfactorily observed. The practical consideration for Ethiopia is that as a backward state its own security is largely based on the goodwill of the United Nations. At least a part of this indispensable goodwill would be dissipated if Italy, failing to get satisfaction for its nationals through diplomatic negotiations, were to refer any question of the mistreatment of Italian nationals in Eritrea to the Assembly under Article 10 of the Charter, or to the International Court of Justice as suggested in Mr. Reid's memorandum.

8. In these circumstances the answer to the question Mr. Holmes has raised seems to us to be (a) that the Assembly must make every effort to find a practical solution of the Eritrean problem on the basis of agreement between the parties concerned, (b) that it should encourage the parties themselves to assume as much responsibility as possible for finding a suitable way of settling the problem of Eritrea, and (c) that the Assembly itself should meanwhile make no pretension to enjoy the right of coercion, which is bestowed upon it neither by the Italian Peace Treaty nor by the Charter.

J[ULES] L[ÉGER]

306. DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET Ottawa, October 16, 1950

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AD HOC POLITICAL COMMITTEE: DISCUSSION ON LIBYA

Mr. Ford. Debates in the Ad Hoc Political Committee on Libya revealed a conflict of opinion concerning the policies of the Administering Powers (France and the

United Kingdom) and the United Nations Commissioner (Mr. Adrian Pelt) in carrying out the terms of the 1949 General Assembly resolution, which called for the establishment of an independent Libya by January 1, 1952. Delegates from the Arab States, from India, Pakistan and the Soviet Union criticised the Administering Powers and the United Nations Commissioner for pursuing policies of "colonialism" in the area, for obstructing Libyan unity and attaching parts of the Fezzan to Algeria and Tunisia, and for failing to carry out the provisions of the 1949 Assembly resolution regarding Libyan sovereignty and independence. The Canadian Delegate, in view of the acrimonious nature of the debate, has endeavoured to steer a moderate path, and said, in his statement, that he could not share the doubts expressed in connection with the implementation of the 1949 Assembly resolution. The Canadian Delegation abstained on a controversial vote upon the request of the Chairman of the United Nations Council for Libya to be heard by the Committee, and acted as co-sponsor of a moderately worded resolution expressing confidence in the Commissioner and calling for economic and financial aid for Libya.

Also before the Committee is a United Kingdom resolution in connection with the transfer of Italian state and para-statal property to Libya; a Soviet resolution calling for Libyan unity and the withdrawal of foreign troops; a joint resolution introduced by certain Arab States, Indonesia and Pakistan, criticising the Commissioner and the Administering Powers and calling for the establishment of an elected provisional Libyan government by March 1, 1951, to take over power from the Administering Powers; and finally, a United States resolution concerning the establishment of a constituent assembly and provisional government. It is expected that the Committee will vote on these various resolutions early this week. (Confidential)

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307. DEA/5475-DW-4-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 135 New York, October 13, 1950

My teletype No. 134,† Libya.
Following is text of joint draft resolution introduced by Canada, Chile, Ecuador and Greece, Begins:

The General Assembly

Having received the reports of the United Nations Commissioner in Libya, prepared in consultation with the Council for Libya, and of the Administering Powers, submitted in accordance with General Assembly Resolution 289 A (IV);

Having noted in particular the belief expressed by the Commissioner that the aim of the General Assembly, that Libya should become an independent and sovereign State will be attained within the time limit prescribed with the continuing co-

operation and co-ordination of the activities of the Administering Powers toward that end;

Taking account of the progress being made by the representatives of the inhabitants of Cyrenaica, Tripolitania, and the Fezzan meeting in their Committee of twenty-one regarding the establishment of a National Assembly to determine a constitution for Libya, including the form of Government in accordance with paragraph 3 of the above-mentioned resolution;

Having noted the statements on the above-mentioned reports regarding the substantial needs of Libya for technical and financial assistance both before and after independence;

Takes note of the reports of the United Nations Commissioner in Libya and those of the Administering Powers;

Expresses confidence that the United Nations Commissioner in Libya, aided and advised by the Council for Libya, will continue effectively to discharge his functions under General Assembly Resolution 289 A (IV) toward the achievement of the independence and unity of Libya pursuant to that resolution;

1. *Recommends to the Administering Powers* that, in their administration of the respective territories of Libya and in co-operation with the United Nations Commissioner in Libya, they press forward with the formation of Governmental institutions for Libya in accordance with the wishes of the people of Libya, in order to facilitate the establishment of an independent and sovereign Libya as soon as possible and in any case not later than 1st January 1952, and with further co-ordination of their activities to that end;

2. *Urges* the Economic and Social Council and the specialized agencies of the United Nations as well as member Governments, having regard for the special responsibilities of the United Nations in respect of Libya, to continue to assist that country through technical and financial assistance to develop a sound administrative system and viable economy, offering the prospect of economic and social progress;

3. *Reaffirms* its recommendation that, upon its establishment as an independent State, Libya shall be admitted to the United Nations in accordance with Article 4 of the Charter. Ends.

308. DEA/5475-DW-4-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 145 New York, October 14, 1950

Reference my teletype No. 134 of October 13th,† Libya.
Following is text of draft resolution jointly introduced yesterday morning by the delegations of Egypt, Indonesia, Iraq, Pakistan, Saudi Arabia, Syria and Yemen, Begins:

Whereas the United Nations on 21st November 1949, resolved that Libya shall be constituted a united independent sovereign State;

Whereas under said resolution the administering powers in co-operation with the United Nations Commissioner were directed to: "(b) Administer the territories for the purpose of assisting in the establishment of Libyan unity and independence, co-operate in the formation of Governmental institutions and co-ordinate their activities to this end,"

Whereas on the consideration of the reports of the United Nations Commissioner and the administering powers and the information supplied by the Chairman of the Council for Libya, it appears that appropriate and adequate measures have not been taken to ensure Libyan unity;

Whereas the steps necessary for the transfer of power to an independent Libyan Government were to have been initiated immediately after the said resolution of the General Assembly and the transfer must be completed by a date not later than 1st January 1952; and

Whereas adequate measures to ensure the realisation of the objectives referred to in paragraph 4 above do not appear to have been taken;

The General Assembly therefore

1. *Calls upon* the authorities concerned to take all steps necessary to ensure the early, full and effective implementation of the resolution of 21st November 1949, and particularly to safeguard the unity of Libya and the early transfer of power to an independent Libyan Government, and, further,

2. *Recommends,*

(a) That a National Assembly duly representative of the inhabitants of Libya shall be convened as early as possible and in any case not later than the 1st January 1951.

(b) That the National Assembly shall set up a provisional Government of Libya, responsible to the Assembly, to which shall be transferred all powers at present exercised by the administering powers; and

(c) That the provisional Government shall be set up as early as possible and not later than 1st March 1951. Ends.

309. DEA/5475-DW-4-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 158 New York, October 16, 1950

CONFIDENTIAL. IMPORTANT.

My teletypes Nos. 135 and 145 of October 13th and 14th. Libya.

1. As a result of informal conversations on initiative of United States delegation, sponsors of two draft resolutions contained in my teletypes under reference agreed

to discuss possibility of reconciling their points of view. Accordingly, on motion of Ecuadorian delegation, debate was adjourned on October 14th, and sponsors met in closed session. At suggestion of Syrian delegation, representative of Soviet Union, who had introduced first draft resolution on Libya, was invited to participate in discussions. Text of Soviet draft resolution is contained in my immediately following telegram.†

2. Soviet resolution was taken as basis of initial talks. Arab reaction to first paragraph of this resolution was not unfavourable. Syrian and Iraqi delegations contended, in fact, that the word "single" did not, in their view, go far enough. What they actually desired was a unitarian State. At the same time, they realized that this could not be imposed upon the Libyans by the Assembly and would be in direct contravention of Article 3 of Assembly resolution of 1949.

3. Canadian delegation objected to "single" because of ambiguity of term, which might subsequently be interpreted as recommendation to establish Libyan State on unitary basis. We also felt that a term that did not occur in the original Assembly resolution on Libya should not now be employed. Our general line of argument was that the substantive resolution on Libya had been adopted by the Assembly last year. The Assembly could only reaffirm it at this stage, but it could hardly alter or modify it. Mr. Pelt as well as Chairman of Council for Libya agreed fully with this line of argument and expressed their fear that the introduction of new terms at the present juncture would be more likely to impede than promote the aims embodied in the 1949 resolution.

4. As for withdrawal of military personnel from Libya within three months, Muslim delegations indicated their support for this provision subject to modification of time limit. Egyptian and Indonesian delegates, on the other hand, did not object to maintenance of military bases, provided this met with consent of Libyan Government. Egyptians argued further that these bases had been established in order to safeguard peace in the area, and inasmuch as problem of effective means of maintaining peace was being discussed concurrently in first committee, we should not adopt any resolution which might prejudge decisions eventually to be reached. When we suggested to Syrians after meeting that Egypt was probably anxious to have assurance of Western protection as long as bases were not on Egyptian soil, Syrian delegate agreed. Nevertheless, he voiced his surprise at incongruity of Egyptian approach to problem and told us confidentially that Salah Al-Din Bey[50] did not share views propounded by Egyptian delegate, and he would seek clarification of Egyptian opinion on this point.

5. Canadian delegation made it clear that it would be unrealistic to ask administering Powers to continue to be responsible for security of Libya and, at the same time, adopt resolution ordering them to withdraw their military personnel.

6. While Arab delegations did their best to show that they were in sympathy with motives behind Soviet resolution, they considered that such a resolution, which had previously been rejected by Assembly, had no chance of being adopted this year.

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[50] Mohamed Salah-el-Din Bey, délégué permanent de l'Égypte auprès des Nations Unies.
Mohamed Salah-el-Din Bey, Permanent Delegate of Egypt to United Nations.

They accordingly felt there would be little advantage in incorporating substance of Soviet recommendations in any compromise resolution which might be agreed upon.

7. Points of view have now crystallized. Muslim delegations object to paragraph 3 of preamble of our resolution and to paragraph 1 of operative section. They maintain that a possible joint resolution must contain no reference to the Committee of Twenty-one, which is constituted on an undemocratic basis. They also consider that the phrase "governmental institutions for Libya" fails to take account of the Assembly's recommendations that there should be a united Libya and, in that respect, would tend to diminish rather than promote the idea of unity.

8. On our part we are pressing for the deletion from the seven-Power resolution of any suggestion to the effect that appropriate steps had not been taken to implement the resolution passed by the General Assembly last year. We have also voiced our objections to the unrealistic deadline stipulated for the creation of a provisional Government, as well as to the unpalatable insinuation that Libyan unity is already in need of being "safeguarded".

9. United States delegation has now circulated a possible compromise resolution which takes account of the differences of approach emerging from last Saturday's meeting.

10. The three groups are to meet again on October 16th when agreement will probably be reached. Soviet delegation, however, is unlikely to co-sponsor revised draft resolution.

11. Assumption in final paragraph of article on page 22 of *New York Times* of October 15th is incorrect. There is nothing in compromise resolution which, either explicitly or implicitly, would suggest that Libyan National Assembly is to be elected or that its composition would be on basis of proportional representation.

310. DEA/5475-DW-4-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 176 New York, October 18, 1950

CONFIDENTIAL. IMPORTANT.

My teletype No. 158 of 16th October. Libya.

2. Informal consultations between two groups of sponsors of resolutions on Libya resulted in agreement on October 17th. Text of compromise resolution, which has now been submitted to Committee, is contained in my immediately following teletype.

3. Canadian, Chilean, Ecuadorian and Greek delegations worked in close cooperation with United Nations Commissioner throughout. Egyptian Chairman of Council for Libya, contrary to previous expectations, displayed complete impartiality in

his attitude and, on most questions, supported views of United Nations Commissioner.

4. You will note that critical references to work of Commissioner and cooperation of Administering Powers have been deleted. Mr. Pelt considered that the term "increasing" in paragraph 3 of the preamble did not imply any overt censure of the activities of the Administering Powers and followed logically from the substance of the remarks contained in paragraph 258 of his report.

5. We eventually accepted, in paragraph 1 of the preamble, the phrase "a united, independent and sovereign state". Despite the objections already voiced by the delegations of the United Kingdom, Australia and Belgium, we cannot admit that this terminology goes beyond the meaning of last year's resolution on Libya. Paragraph 10(b) of that resolution contains an explicit endorsement of the principle of Libyan unity. Moreover we considered that the term "united" was far less ambiguous in connotation than the word "single" which the co-sponsors of the Muslim resolution would have preferred.

6. Paragraph 4 of the preamble and operative part of the new joint resolution represent a compromise between the views of the United Nations Commissioner, who insisted that some reference to technical and financial assistance must be retained, and the sponsors of the seven-power resolution who felt that any such reference might entitle member Governments of the United Nations to enter into special economic relationships with the new Libyan state or, alternately, that the new state might be turned into what would virtually amount to a territory under United Nations trusteeship.

7. We found that, unless we agreed to make some concessions in regard to the target dates included in paragraph 3 of the operative part, no compromise would have been possible. Mr. Pelt informed us that, in any case, January 1st, 1951, represented a conservative target date for the establishment of a National Assembly, which will probably come into existence toward the end of November. As for the date of the establishment of a provisional Government, you will note that it has been recommended on a tentative basis only. However, we are still of the opinion that any recommendation to the Libyan National Assembly to establish a provisional Government does not accord with the spirit of paragraph 3 of the Assembly resolution of 1949.

The Muslim States have made three reservations regarding the new resolution:

1. The Provisional Government should be set up whether or not the National Assembly comes into being.

2. The provisional Government should be responsible to the National Assembly if it is established by that body. (This would seem to prejudge the prerogatives granted the Libyan people to decide their own form of Government. It is also somewhat unrealistic in view of the fact that this National Assembly will, in reality, be a Constituent Assembly, which will draft a Constitution and an Electoral Law, and then dissolve itself.)

3. That some provision for the gradual withdrawal of foreign troops and complete evacuation before January 1st, 1952, should be included in the new resolution.

Our compromise resolution is likely to command substantial support, including Latin American and Arab delegations. Yugoslavia has already come out in favour of it, and preliminary remarks by Soviet delegate would tend to indicate that Soviet Union might abstain rather than vote against it. We feel that it would be particularly unfortunate if so-called "Colonial" Powers, by opposing joint draft resolution, lent substance to the charges levelled against them in the course of the general debate.

311. DEA/5475-DW-4-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 177 New York, October 18, 1950

My immediately preceding teletype. Libya.
Following is the text of the compromise resolution drafted jointly by the delegations of Canada, Chile, Ecuador, Egypt, Greece, India, Indonesia, Iraq, Lebanon, Pakistan, Saudi Arabia, Syria, Yemen: Text begins:

"*The General Assembly*,

Having resolved in its Resolution 289 (IV) of 21st November 1949, that Libya shall be constituted a united independent and sovereign State;

Having noted the reports of the United Nations Commissioner in Libya, prepared in consultation with the Council for Libya, and of the Administering Powers, submitted in accordance with General Assembly Resolution 289 (IV), as well as the statements of the United Nations Commissioner and the representatives of the Council for Libya;

Having noted in particular the confidence expressed by the Commissioner that the aim of the General Assembly, namely, that Libya should become an independent and sovereign State, will be attained within the time limit prescribed, with the increasing co-operation of the Administering Powers with the United Nations Commissioner and the mutual co-ordination of their activities toward that end;

Having noted the statements in the above-mentioned report of the Commissioner regarding the needs of Libya for technical and financial assistance both before and after independence, if so requested by the Government of Libya;

1. *Expresses confidence* that the United Nations Commissioner in Libya, aided and guided by the advice of the members of the Council for Libya, will take the necessary steps to discharge his functions toward the achievement of the independence and unity of Libya pursuant to that resolution;

2. *Calls upon* the authorities concerned to take all steps necessary to ensure the early, full and effective implementation of the above-mentioned resolution of 21st November 1949 and particularly the realization of the unity of Libya and the transfer of power to an independent Libyan Government; and, further

3. *Recommends*

(a) That a National Assembly duly representative of the inhabitants of Libya shall be convened as early as possible, and in any case before 1st January 1951;

(b) That this National Assembly shall establish a Provisional Government of Libya as early as possible, bearing in mind 1st April 1951 as the target date;

(c) That powers shall be progressively transferred to the Provisional Government by the Administering Powers in a manner which will ensure that by 1st January 1952, all powers at present exercised by the Administering Powers shall have been transferred to the duly constituted Libyan Government;

(d) That the United Nations Commissioner aided and guided by the advice of the members of the Council for Libya shall proceed immediately to draw up a programme in cooperation with the Administering Powers for the transfer of power as provided in clause (c) above.

4. *Urges* the Economic and Social Council and the specialized agencies of the United Nations and the Secretary-General of the United Nations to extend to Libya such technical and financial assistance as it may request in order to establish a sound basis for economic and social progress.

5. *Reaffirms* its recommendation that, upon its establishment as an independent State, Libya be admitted to the United Nations in accordance with Article 4 of the Charter." Text ends.

312. DEA/5475-DW-4-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 202 New York, October 20, 1950

CONFIDENTIAL. IMPORTANT.

My teletype No. 177 of October 18th. Libya.

Discussion of Libyan item ended on October 19th. Soviet resolution and joint draft resolution of the thirteen Powers were then put to the vote. Soviet resolution, as a whole, was rejected by a vote of 13 in favour, 38 against, and 7 abstentions. Joint draft resolution, of which Canada was co-sponsor, was adopted, as a whole, by a vote of 53 in favour, 1 against (France), and 5 abstentions (Soviet bloc).

2. A series of amendments to the thirteen-Power resolution, which had been introduced at the last moment, were withdrawn before the voting began. Most serious of these would have been Australian amendment proposing that the word "one" be substituted for "united" in the first paragraph of the preamble. Syrian delegate told us informally that, in the event that Australian amendment were adopted, he would dissociate himself from joint draft resolution and reopen whole issue. Australian delegation was, therefore, given oral assurance that the term "united" was not intended in any way to prejudge the question of whether the Libyan state was to be constituted along unitary or federal lines.

3. Amendments proposed by Argentina and United States were not of a substantive nature and would have raised no difficulties. Pakistan amendment would have added the words "responsible to that Assembly" after the words "provisional Government of Libya" in paragraph 3(b) of operative section. It would also have added, at the end of this clause, the words: "provided that if the National Assembly is unable to set up a provisional Government by 31st March 1951, the Commissioner, advised and guided by the Council for Libya, shall at once proceed to set up a provisional Government in consultation with the National Assembly". We had argued this point at length in the drafting committee and, along with the United Nations Commissioner, had stated our firm opposition to the principles embodied in the Pakistan amendment.

4. Most controversial amendment introduced was that of Israel which would have altered the first line of paragraph 3(a) to read "that a National Assembly duly representative of *all* the inhabitants of Libya ...". This raised the delicate problem of minority representation in the National Assembly which, we felt, should be divorced from our resolution since it was bound to jeopardize the principle of Libyan unity. We asked the Israelis to reconsider this amendment in view of the statements made earlier by the United Nations Commissioner, pointing especially to the recent decision of the Committee of 21 to the effect that Libyan Jews would not be considered in the category of "non-national minorities". Inasmuch as it might have been difficult for Latin Americans to vote against a provision which clearly would benefit the Italian minority, we welcomed particularly the withdrawal of this amendment.

5. Voting indicated that joint draft resolution represented maximum basis of compromise between divergent points of view set forth in course of discussion on this item. United Kingdom voted in favour of resolution paragraph by paragraph and as a whole. We consider that French delegation unwise in opposing resolution, particularly in view of sharp criticism of French administration in Fezzan which had been voiced by majority of delegations. French abstention, even on paragraphs reiterating Assembly resolution of 1949, would appear to cast some doubts on French readiness to co-operate in full and effective implementation of Libyan independence and sovereignty.

313. DEA/5475-DW-4-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 372 New York, November 12, 1950

CONFIDENTIAL. IMPORTANT.

My teletype No. 348 of November 8th.† Eritrea.

Further debate on this item is now in progress in ad hoc Political Committee. While the delegations of South Africa, New Zealand, Burma, Liberia, France and Norway have suggested in their statements that a solution along federal lines would, in principle, be acceptable to them, there is some indication now that the proponents of independence for Eritrea are gaining strength.

2. We spoke to Stafford and Noyes on November 10th, expressing some anxiety as to the trend the debate was taking. The Soviet Union as well as Iraq and Saudi Arabia had come out in favour of Eritrean independence, and two draft resolutions along these lines, one by the U.S.S.R. and one by Iraq, had already been submitted for the consideration of the Committee. The text of the Iraqi draft resolution is contained in my immediately following teletype.†

3. At the same time it is, of course, common knowledge that, in conformity with Italian wishes the majority of the Latin-American delegations would be prepared to support any feasible resolution under which Eritrea might be granted independence.

4. Those delegates who have already spoken in favour of Eritrean independence adduced the argument that the people of Eritrea had the right to self-determination. This right would be violated if the General Assembly arrogated to itself the competence to deprive the Eritrean people of their freedom, either by incorporation in Ethiopia or by partition, which would be tantamount to a process of dual annexation. On the basis of this argument, the delegates of Iraq and Saudi Arabia maintained that no final decision on the fate of Eritrea should be reached until steps had been taken to ascertain the will of the local population.

5. The fundamental misconception which seemed to lie at the root of the Arab line of argument was that, in the case where a people is free to determine its own political future, it will of necessity decide in favour of sovereign integrity and independence. Even more misleading was the Iraqi argument to the effect that the poverty of a country should not be used by the international community as a reason for withholding from that country its national freedom. Both these arguments are, of course, based on the premise that Eritrea is and has always been geographically, economically, and demographically, a distinct territorial entity and, as such, is entitled to sovereignty and independence. It may be for this reason that the Iraqi draft resolution is so closely modelled upon the General Assembly resolution providing for establishment of a Libyan State.

6. There can be little doubt that the adoption of the Iraqi draft resolution would tip the scales heavily in favour of eventual independence for Eritrea, even though Mr. Jamali expressed his delegation's preference for a federal solution. Moreover, there would seem to be considerable danger in protracting the present state of uncertainty in Eritrea until January 1, 1953, as envisaged under the first operative paragraph of the Iraqi resolution. But it cannot be denied that the combinations of the alternatives of independence and federation, as well as the transfer of responsibility for a final decision to the people of Eritrea, will win a certain amount of support for the proposals submitted by the delegation of Iraq.

7. Stafford and Noyes have expressed the hope that negotiations with the Italians and Ethiopians will progress sufficiently over the week-end to make it possible for

interested delegations to put forward an acceptable compromise resolution along federal lines by early next week.

314. DEA/50126-40

Note de la Direction des Nations Unies pour le sous-secrétaire d'État suppléant aux Affaires extérieures

Memorandum from United Nations Division to Deputy Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], November 13, 1950

ERITREA

I have shortened and revised the telegram to the Delegation on Eritrea, as requested by you Friday night.

2. You will recall that Mr. Holmes first raised the question of the problems involved in a federation of Eritrea with Ethiopia, when this question arose during the discussions in the Interim Committee last July. Since then the question has been passed back and forth between this Division, European and Legal. The telegram which went up to you on Friday, a revision of which is now attached for your signature, if you approve, was the consensus of our views on this subject.

3. You queried the substance of paragraph 3. This is, however, the considered opinion of Legal Division, by which they stand.

4. In view of the fact that a decision on the fate of Eritrea must be taken by the Assembly, the qualms of conscience about the effects of federation with Ethiopia seem to be somewhat unrealistic, and federation is clearly the only acceptable solution, as indicated by telegram No. 372 of November 13† which has just come in. Nevertheless, this information was asked for, and I suppose it should be supplied to the Delegation.

R.A.D. FORD

P.S. There is a certain amount of duplication with the commentary article; but the questions raised in the telegram are treated in a different context from the commentary article. To shorten the telegram more would make it unintelligible.

R. F[ORD]

315. DEA/50126-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 270 Ottawa, November 13, 1950

CONFIDENTIAL

Your teletype No. 348 of November 9, 1950.† Eritrea.

1. In giving further study to the question of Eritrea we have considered recently the position we should take in connection with three questions which may possibly be raised during the debate in the Ad Hoc Political Committee. This is intended for your background information only.

2. The first question is whether the Assembly has the right to recommend a federation plan which would involve alteration of the constitutional arrangements of Ethiopia, an independent state and member of the United Nations. Certain delegations may feel that the federation proposal comes a little too close to setting a precedent of interference in the domestic affairs of a member state.

3. The argument would presumably relate only to the psychological effect of the federation proposal. It could not be argued that in any legal sense the Assembly would be interfering in Ethiopia's domestic affairs, since Annex XI of the Italian peace treaty, under which the Assembly has been asked to consider the disposal of Eritrea, provides only for an Assembly "recommendation". There is no question either of a "decision" by the Assembly or of the imposition of the Assembly's will on one of its own members. The point at issue is whether it would be wise for the Assembly to recommend in this instance that one of its members should alter the domestic arrangements it has made under the terms of its own constitution.

4. We consider it permissible for the Assembly to make such a recommendation in this particular case because Ethiopia has asked to be allowed to take over a territory it has not recently controlled and the Assembly is accordingly bound to make known the terms on which it would be willing to recommend the closer political association of Eritrea with Ethiopia. The latter will be at perfect liberty to refuse the conditions suggested, in which case some other disposition of the territory would presumably be recommended.

5. The second question we have considered is the degree of responsibility which would rest on the Assembly if rights of Italian nationals in Eritrea were not properly safeguarded after federation. This may be a matter of some practical importance, since the possibility of continuing political disorders cannot be ruled out entirely in view of the sharp cleavage of opinion which still prevails in Eritrea over the question of relations with Ethiopia. In a country as backward as Eritrea, moreover, it is seldom the case that rights as far-reaching as those enumerated in Article 7 of the proposed federal act are fully or uninterruptedly enjoyed by foreigners at all times.

6. Since Ethiopia has not accepted the compulsory jurisdiction of the International Court of Justice, it seems to us that the only course open to Italy, if it failed to obtain satisfaction through normal diplomatic channels in cases relating to the treatment of Italian nationals in Eritrea, would be to refer the matter to the Assembly under Article 10 of the Charter. It would then be for the Assembly to recommend the course which it thought best. In this connection it might be pointed out that the Ethiopian government is fully aware of the degree to which the security of the Ethiopian Empire is dependent on the goodwill of members of the United Nations. It also understands the extent to which this goodwill would be dissipated if there were any wilful neglect of the provisions of the federal act governing the rights of residents of Eritrea.

7. The last question we have considered relates to the responsibility which would rest on the Assembly to intervene if Ethiopia should try to use the proposed federal arrangement merely as a stepping-stone to the complete incorporation of Eritrea. It is our view that in this matter the Assembly should make no pretension to the right of enforcement. There is nothing in the Italian peace treaty or in the Charter which gives the Assembly that right. The Assembly's best contribution can be made by seeking an agreed solution, since the will to carry out the proposed federal arrangements will play a most important part in assuring their long-term efficacy. We believe it would be appropriate also for the Assembly to name a United Nations Commissioner to aid the interested parties in drawing up the constitution for Eritrea and to facilitate agreement among them. He would not be endowed with executive authority, however, since the legal responsibility for the actual transfer of power would rest on British officials in the territory, the United Kingdom being the sole representative there of the Four Powers who have agreed under Annex XI of the Italian peace treaty to take appropriate measures for giving effect to the Assembly's resolution.

8. What has led us to give special thought to the Assembly's position in case Ethiopia were some time to annex Eritrea outright has been the fact that full incorporation is what the majority of Eritreans apparently want. Sooner or later they are likely to feel a certain temptation to take matters into their own hands. We are not entirely happy, of course, about backing a federation proposal which is not what the majority of the Eritreans want. We are doing so for the reasons outlined in Holmes' statement of July 14 before the Interim Committee. In particular we believe that both those who want independence for Eritrea as a separate state and those who would prefer to become independent through union with Ethiopia would be likely to regard federation as the least unattractive alternative if their first choice could not be realized.

9. We have had no further word from the Italian Ambassador about his government's position on this question and know nothing about the present attitude of the Italians at Lake Success. If at any time it seems likely to be helpful, however, you might let the Italians know informally that we have always felt the most logical solution would be the incorporation in Ethiopia of the portion of Eritrea where the great majority of the inhabitants desire it, the people of Western Eritrea being given a subsequent opportunity to choose between incorporation in Eritrea and incorporation in the Sudan; though we have not advocated this because of the impossibility

of securing the requisite support in the Assembly. If the Italians understood that Canada, along with other friends of Italy, might feel it necessary to fall back on the proposal made by the Norwegian member of the Eritrean Commission in the event that the federation plan were not to be accepted, possibly the Italians might find new merit in the compromise proposal which we have offered to support partly for their sake. We leave it to your discretion to decide the timing of such a suggestion, or whether it would be useful to make it at all.

316. DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET Ottawa, November 27, 1950

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ERITREA

11. *M. Léger.* The Ad Hoc Political Committee adopted on November 25, by a vote of 38 to 14 with 8 abstentions, the draft resolution for federation of Eritrea with Ethiopia which Canada sponsored jointly with 13 other member states.

12. The Committee defeated a Soviet resolution calling for the establishment of Eritrea immediately as an independent state and a Polish resolution providing for the creation of an independent Eritrean state after three years of administration by a council of 6 members composed of two indigenous Eritreans, a resident of Eritrea of European origin and representatives of two Arab states and Ethiopia. The Committee also defeated a draft resolution offered by Pakistan, the purpose of which was to establish Eritrean independence with United Nations aid by a process similar to that which is being employed in Libya.

13. A draft resolution offered by Iraq commanded the support of 21 members of the Committee but did not secure majority approval. Its purpose was to allow the Eritreans themselves to decide whether their country should be federated with Ethiopia or established as an independent state. A National Assembly would make this decision not later than July 1, 1951. Although the feature of self-determination embodied in the Iraqi proposal appealed to a large number of delegations, it was believed that the target date was quite unrealistic and there was some doubt as to whether the Eritrean people would be able to reach a decision in view of their political immaturity and the sharp division of opinion among politically conscious groups. Many of the Committee members, whose first choice was to support the principle of self-determination, voted in favour of the federation proposal after the Iraqi draft resolution had been defeated. (Unclassified)

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SECTION F

DÉSARMEMENT
DISARMAMENT

317. DEA/50219-A-40

Document de travail pour le Comité consultatif sur l'énergie atomique

Working Paper for Advisory Panel on Atomic Energy

TOP SECRET [Ottawa], March 18, 1950

THE INTERNATIONAL CONTROL OF ATOMIC ENERGY

At the last meeting of the Panel, on February 1, it was agreed that the Panel should at its next meeting begin to take stock of our present situation, to review our stand on the international control of atomic energy and to try to re-examine the deadlock as objectively as possible in the light of our appraisal of the political, military, and technical factors that now apply, or are likely to apply, during the next four or five years.

2. It must be admitted from the outset that this is a task of doubtful utility. The debate on atomic energy control ranges over so many subjects of such importance that it is as difficult to know where to stop as to know where to begin in an effort to get to the root of the matter. In an introductory study, presented as a basis for Panel discussion, we are necessarily limited to a cursory, and no doubt rather fragmentary platitudinous and superficial examination of some of the problems that must be faced if we have any hope left at all of reaching agreement with the Russians, sooner or later, on the relaxation of international tension of which perhaps the atomic bomb is a prime cause, as it is certainly the most publicized cause.

3. For simplicity of presentation, and in order to avoid any suggestion of prejudging the issues involved, the most satisfactory approach to discussion may be by means of raising various questions, first on procedures that might open the way for genuine negotiations, and then as to what room for manoeuvre, if any, we may have in negotiating an international agreement that could not only provide us with an acceptable degree of security from surprise atomic attack, but would also provide the Russians with an acceptable degree of freedom to develop atomic energy for peaceful purposes, especially for power.

4. Before turning to a more detailed examination of procedures and plans, however, it might be wise, first of all, to try to project our thinking against a time graph of military power. So many of the questions that can be raised may have one answer this year, but quite a different answer two or three years from now. To the extent that we can foresee a diminishing value in atomic weapons as a deterrent, we can forecast when the conclusion of an international agreement on atomic control will become most desirable from our point of view; and we can also estimate the probable Soviet calculation, and from that guess when the prospects of an international control agreement will likely be best. This will involve what is primarily a

military calculation, but the following propositions may serve to lead into the subject.

The Military Prospect — 1950-55

5. It seems probable that neither side will deliberately embark on a major war during the next six years, because neither side could be sure of a rapid victory and neither side could ever hope that, in the course of a long struggle, the desolation of all disputed territories, including the U.S. and Soviet homelands, would make the possibility of ultimate victory worth the price. Nevertheless, granted the nature of Soviet imperialism, the risk of an accidental war remains and both sides have already shown their determination to build up armed forces capable not only of defensive deployment but of the most grievous forms of offensive operations. An armaments race is on, and is likely to reach a peak about 1954. By that time Soviet deficiencies in long-range bombers will have been overcome, and the deficiencies of Western Europe reduced — if our performance lives up to our North Atlantic plans — to the point where we should be able to defend most of Western Europe. Before 1953 it is doubtful that a foothold on the continent of Europe could be maintained for more than a few months in the event of a full-scale Russian attack: all we could do effectively would be to carry an atomic attack against Soviet industrial and administrative centres.

6. Although we are pitifully weak in Europe today, we still have, on the Western side, a great margin of superiority in atomic weapons — in numbers, quality, and ability to deliver — even without the hydrogen bomb. We may confidently expect to maintain that margin, at least the margin in numbers and ability to deliver. The strategic value of our stockpile, however, will diminish long before the Soviet stockpile reaches the proportions of ours. It will begin to diminish as soon as the Russians are capable of delivering by sea or air, half a dozen bombs on U.S. cities: it will have diminished close to the zero point as soon as the Russians are capable of delivering ten times that many. The first capability, the Russians may achieve by the end of this year: the second, by the middle of 1954, when the Soviet atomic stockpile may number as many as ... [sic] bombs, according to recent U.S. intelligence estimates which the U.K. authorities consider may be somewhat exaggerated. At any rate, whether in 1954 or 1955, our present estimates would indicate that the Russians will have a large enough stockpile and good enough long-range bombers to be able to retaliate in kind against the continental United States with very damaging and possible critical results, if the U.S. were to use atomic bombs. Moreover, although the U.S.S.R. may present industrial targets that are more concentrated than those in the United States, their peoples might prove better able to endure the horrors and privations of atomic war than the peoples of the more civilized Western cities.

7. The atomic bomb will then have become a double-edged deterrent, both sides fearing to use it, like gas in the last war. But unlike gas, a surprise atomic attack on a large scale could be crippling, and the aggressor's temptation to resort to such a gamble at the outset would therefore be strong, even if the aggressor knew that he possessed the smaller stockpile or was weaker in other respects. If the hydrogen bomb is developed, the temptation to use atomic weapons first will be increased

tenfold or a hundredfold, until, at times of acute international tension, it will become almost irresistible.

8. If this line of argument is valid, a time will come within the next four or five years when it will be in the interests of the United States — and indeed of all the Western Powers — to recognize that the Bomb favours not simply the side with the largest stockpile but the side that would be ready to use it as the opening stroke in an aggressive war. In other words, in the balance of world power, the Bomb will then count more heavily for the Russians than for the West.

9. From this conclusion, three important propositions follow:

(i) that during the next three years the West must build up its strength in conventional weapons and forces-in-being to the point that Western power will not necessarily match Soviet power plane for plane and tank for tank, but will be sufficient to withstand a war in which atomic weapons might not be used; for, as the Soviet stockpile rises, the value of our stockpile as a deterrent will rapidly decline, forcing us to build our power once again upon conventional weapons and forces;

(ii) that by 1953 it would be in our interest to have in full operation an international atomic control agreement;[51] and

(iii) that, as it will take two or three years to put anything like the present majority U.N. plan[52] into full effect, we should recommence serious negotiations with the Russians as soon as a way can be found to bring them to a conference disposed to negotiate and not simply to use it as a forum for "peace" propaganda.

10. In concluding this section, one further proposition, of a more philosophical than military mould, may be advanced. The Soviet atomic explosion last summer did not invalidate the majority plan nor the procedures whereby we have been seeking to negotiate it, but, together with Communist advances, in the Far East, the strategic balance has been altered in favour of the Soviet Union. The United States, so long as it had a monopoly of atomic weapons, held the balance of power comparatively cheaply. A U.S. hydrogen bomb monopoly, if achieved, would probably not give more than a year's respite or at most two years; then the Russians would, we may confidently expect, have it too. The balance will then come to depend on the far more costly build-up of ordinary forces — a cost so great it will have to be

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[51] Note marginale:/Marginal note:
?? [L.B. Pearson]

[52] Le Plan de la majorité préconisait la création d'une autorité internationale de développement de l'énergie atomique pour contrôler l'utilisation de l'énergie atomique à des fins pacifiques. Cet organisme international devait aussi être chargé de surveiller la destruction des bombes atomiques et de mettre fin à la fabrication de nouvelles armes atomiques. Appelé d'abord le Plan Baruch en l'honneur du représentant des États-Unis qui l'a soumis à la Commission de l'énergie atomique des Nations Unies en 1946, Bernard Baruch, il fut renommé le Plan de la majorité pour refléter l'appui majoritaire qu'il reçut lors de 3e assemblée générale en 1948.
The Majority Plan called for the creation of an International Atomic Development Authority to oversee the use of atomic energy for peaceful purposes. This international agency would also supervise the destruction of atomic bombs and halt the manufacture of new atomic weapons. Originally called the Baruch Plan after the American representative who presented it to the U.N. Atomic Energy Commission in 1946, Bernard Baruch, it was subsequently labelled the Majority Plan to acknowledge the widespread support it garnered at the 3rd General Assembly in 1948.

reckoned not only in terms of lowering our standards of living but of cutting into the fibre of our democratic liberties. In the long haul, a dictatorship can clearly stand these strains more readily than a democracy. Despite superiority in atomic weapons, we of the democracies have more to lose than the Russians if some sort of *modus vivendi* on the major issues and points of friction is not reached, including, as an essential part of any such agreement, provisions not only to control atomic energy but to scale down armaments.

Procedures

11. Indeed, from the records of the U.N. Atomic Energy Commission for these past four years, it is perfectly plain that the Russians have not been trying to reach agreement. They have taken the "Baruch plan" merely as a target for propaganda, while avoiding any detailed exposition of their own sketchy counter proposals for control by means of "periodic and special" inspection. It may be that the Russians have been waiting until they could break the U.S. monopoly and negotiate on more equal terms. If so, the last General Assembly showed no sign of it. It seems quite possible that the Russians hope to build up a small stockpile and let the West outrun their economic strength in an armaments race. Soviet calculations have for some time been predicting the economic collapse of the United States. So long as they continue to count on it, they need not run the risks of an international agreement on atomic energy which would open up their country to Western inspectors. If this is true, the prospects of reaching any major agreement with the Russians by means of any sort of procedures, however ingenious, are pretty slim.

12. While this may be true, it may not be the whole truth. The Russians have traditionally shown a readiness to expand when they could, but an equal readiness to recognize their limitations when confronted with military strength. George Kennan, in his recent article (published in this month's *Reader's Digest*, and the Department of State *Bulletin* — circulated to members of the Panel), gives reasons for believing that we have the possibility of carrying through provisional settlements with the Russians when, as Secretary Acheson has said, we are negotiating from strength and where our proposed agreement registers an existing situation of fact. If we accept Mr. Acheson's criteria, what procedures are indicated?

13. We have strength now in atomic weapons first and foremost; our weakness is in equipment and forces-in-being although our potential is very great. During the next five years we shall build up our forces but the strategic value of our atomic superiority is bound to show a sharp decline. From our point of view, the sooner we recommence negotiations with the Russians on control of atomic energy, the better our position will be. On this particular subject, we are playing from strength now whereas in a few years we shall be playing from weakness. Further, of all the major subjects at issue, this is the only one on which we can play from strength.

14. In support of this proposition, there are two additional arguments:

(i) It is technically much simpler to control atomic energy effectively than it is to control almost any other category of weapon;

(ii) Public opinion in all countries (at least in those where it can show itself) is more concerned with the problem of atomic energy control than with any other issue dividing the Powers. The Soviet Union has taken full propaganda advantage

of recent United States official statements which were interpreted by the Russians, to good effect, as virtually closing the door on further atomic negotiations.

15. Our timetable should therefore try to begin with negotiations for the control of atomic energy, and if these are in any way successful, should foresee an early extension of the negotiations to cover conventional armaments as well; for, as has been stressed in this memorandum, the two questions cannot in the long run be considered separately: if we were to get an agreement on the international control of atomic energy, we would be leaving the West defenceless, as Senator Tydings has wisely pointed out, if we did not either build up our own conventional forces or secure agreement on a means of scaling down Soviet forces until a balance had been achieved.

16. What we mean by a balance of forces has been well defined by General Bradley, in an article in the *Saturday Evening Post* last October 15, when he said that Western defence policy should aim at building up sufficient forces to convince the Russians that they could not defeat us, while at the same time convincing the Russians that we did not possess enough forces to contemplate an attack upon them. The same criteria would apply to a scaling down of forces of both sides, as to the building up of forces on our side, which was the subject of General Bradley's article.

17. While recognizing the desirability of dealing with disarmament of all weapons, including atomic, at one series of conferences, we must expect to encounter even more resistance on the part of the Russians to any sort of inspection which would enable us to satisfy ourselves that the provisions of a general disarmament agreement were being carried out, than would be the case with the type of inspection necessary for an effective atomic agreement. Moreover, from our point of view, we should, in dealing with conventional armaments, be negotiating from weakness. Still more important, a buildup on both sides of conventional weapons alone, if atomic energy were under control, would not create anything like the degree of international tension that would result from a world situation in which both sides lived daily in the fear of being annihilated by a sudden surprise onslaught with atomic and possibly hydrogen weapons. We should therefore try for a general disarmament conference but not turn down an opportunity to negotiate an atomic agreement alone.

18. If these are our objectives, the possible procedures for achieving them are numerous and by no means exclusive. On the immediate horizon, it seems likely, although we have had no reports to this effect, that Mr. Acheson, Mr. Bevin and Mr. Schuman will discuss not only the German question at their forthcoming meeting in April, but also our other major points at issue with the Russians including atomic energy. If the three Foreign Ministers find themselves of one mind on atomic energy, they might have a further discussion, possibly of a more general character, with their North Atlantic partners at the meeting of the Council towards the end of April or May: such a discussion could take place under Article 1 of the Treaty. On the other hand, they might well consider the Council too public a forum for discussion of so vital an issue.

19. Discussions between either the three or the twelve Foreign Ministers might well raise the possibility of Two, Three, or Four-Power negotiations at a high level on atomic energy and other questions. Although it goes beyond the scope of this paper, it might be appropriate for the Panel to consider, as far as atomic energy negotiations were concerned, whether the Canadian Government should be prepared to support direct U.S.-Soviet negotiations or would prefer negotiations to be confined to the U.N. so that we could continue to take a direct part in them.

20. The six permanent members of the United Nations Atomic Energy Commission will be able to resume their discussions, in accordance with the Assembly's instructions, as soon as two more members of the Security Council have recognized the Communist Government of China. Perhaps, then, within a few weeks these negotiations may be resumed. However, the history of the atomic energy negotiations through the United Nations since 1946 has been so full of frustrations that it might be in many ways preferable to encourage direct preliminary U.S.-Soviet negotiations outside the U.N. where discussions would have a better chance of taking place without any publicity as to the detail of the negotiations and where a larger number of issues could be raised informally, and set one against another.

21. The Secretary of State for External Affairs touched on a number of these questions in a statement to the House of Commons; on March 3rd, copies of which have been circulated to members of the Panel. In the course of his remarks, he said that he agreed with Secretary General Trygve Lie's comment that we should welcome negotiations, "at all times and on all levels ... inside the United Nations and outside the United Nations."[53]

The Basis of Negotiations

22. In all their recent public statements, United States officials have maintained that the majority plan was for them the only acceptable basis for further negotiations. Soviet spokesmen, official and unofficial, have been equally insistent in saying that they could not possibly accept anything like the majority plan nor regard it as a basis for negotiations. It is true that various United States spokesmen have said that they did not regard the majority plan as the last word in perfection and that they would always be ready to consider a better plan, meaning a more effective plan, but they have made it clear that this should not be interpreted as committing them to any concessions from the majority plan but rather to tightening up possible loopholes in it. So far as we have been able to discover, no consideration is being given to possible concessions, although there is some talk of ways and means by which the general deadlock with the Russians could be at least eased. Our representatives in Washington have heard no hint of any modifications of the majority plan being considered privately by United States authorities with the exception of Mr. George Kennan's proposal last November for a type of "inspection only" plan which seems to have been stillborn.[54] Nevertheless, if the Panel is agreed as to the desirability and urgency of trying to negotiate a settlement with the Russians on the

[53] Voir Canada, Chambre des Communes, *Débats*, volume I, p. 442./See Canada, House of Commons, *Debates*, 1950, Volume I, p. 430.

[54] Voir/See G.F. Kennan, 'Is War with Russia Inevitable?', in United States, Department of State, *Bulletin*, Volume 22, No. 555, February 20, 1950, pp. 267-271, 303.

control of atomic energy, we should be asking ourselves not only how the negotiations might proceed, but on what basis.

23. The first question would seem to be whether or not we regard the majority plan in more or less its present form as the basis for a settlement that the Russians could possibly be brought to accept by negotiation and, possibly, by concessions in other directions, or as part of a general settlement of outstanding issues. On the present record, it is difficult to see why the Russians should accept a plan which they firmly believe could be used as a means of restricting the level of economic activity in the Soviet Union by curtailing the development of power from atomic energy. It is equally difficult to see why the Russians should accept, now that they have developed atomic weapons of their own, a plan which would place their territories under international inspection and would, for an indeterminate time, after an agreement were signed, leave the United States stockpile of bombs intact and controlled solely by the United States.

24. The majority plan has been developed by a cooperative effort of mind by the majority of the Atomic Energy Commission during the past four years. It has been subject to the most careful scrutiny by our best qualified experts, and it represents what we believe are the essential minimum requirements necessary to guarantee the world an acceptable degree of security from surprise atomic attack. Yet, if we can assume that the Russians will never accept it as it stands, we must reconsider its provisions in the light of our own urgent need for some sort of agreement that may not provide us with as much security but would provide us with considerably more than we shall have by 1954 without any agreement.

25. Now, we are here on a slippery and dangerous slope. A number of the smaller nations at the last Assembly were thinking along these lines and beyond. They would have liked to support a convention for prohibition of atomic bombs without inspection and control provisions. As the Soviet stockpile grows, and fears multiply, there will be increasing pressure at succeeding Assemblies unless we can convince our friends, as we managed to do last time, that a genuine effort was being made to reach agreement, with a readiness to make concessions of substance on our part, if concessions were at all likely to be forthcoming from the Soviet Union.

26. The question of concessions requires most careful thought, as to what concessions, if any, could be made in the majority plan in order to make it somewhat more acceptable to the Soviet Union without turning it into a sham proposal such as that which has been advanced since 1947 by Soviet representatives for propaganda purposes.

27. The concession which we could make most easily would be to delete from the majority plan the Baruch proposal on *the veto*. The original Acheson-Lilienthal Report did not suggest that the unanimity rule in Security Council proceedings should be inapplicable to discussions of punishment in the case of atomic energy violations. Mr. Baruch insisted that it should. We now recognize that the Security Council would only be involved in such a discussion if there were a state of war or an imminent risk of war between the major powers, and the question of the veto would therefore be highly theoretical, as a breakdown of negotiations or an attempt to enforce a majority decision, might in any case lead directly to a conflict. The

majority plan could not possibly prevent atomic weapons being used in the course of a long war and the veto adds nothing to the objective of ensuring a degree of security from surprise atomic attack.

28. A proposal to delete the veto provision from the majority plan would have a good deal of value to us as a concession for propaganda purposes, but would probably not be taken too seriously by the Soviet Union which would recognize that we were not giving up anything very substantial.

29. From among the very numerous suggestions for compromise which have been advanced, both in and out of United Nations, it would appear that the concessions of substance mostly worthwhile considering center upon two basic provisions of the majority plan. The first concerns international ownership; the second the question of "stages".

30. As regards *international ownership*, most of the public and private discussion during the past few months has been upon the Romulo-Kennan theme that there might be a way of avoiding international management or ownership of any atomic facilities by concentrating instead on complete inspection as in itself an adequate means of control.

31. Apparently Mr. Kennan thought that we might agree to limiting the size of our atomic establishments to low-power piles useful only for research and small enough that they could safely be licenced by an International Atomic Authority to national management — subject, of course, to international inspection.

32. The almost insuperable objection to this proposal, especially from the Soviet point of view, is that you cannot carry on research for the development of power from atomic energy in a low-power reactor which, the majority plan already provides, might be nationally operated under licence.[55] Such a proposal would simply provide the Soviet Union with a golden propaganda opening as we would be held up to the nations of the world, and to the Asiatic countries in particular, as proposing to retard the atomic era for the benefit of existing power interests.

33. All that might be possibly conceded in the direction of modifying control through ownership provisions of the majority plan would be to:

(i) Enlarge somewhat the definition of plants that could be licenced to national management;

(ii) Restrict more precisely the functions of international management, and,

(iii) Define in more exact terms, as a basis for negotiation, the power quotas that we think could reasonably be allocated to the various regions of the world, so as to maintain the principle of "strategic location", neither the Soviet nor the Western sphere being given a preponderance of atomic facilities, but neither being put at any economic disadvantage because of the possible reluctance of one side to make the fullest use of atomic energy for power.

34. Perhaps the most important factor in leading us towards a modification of the present majority plan in respect to operation and management, is the knowledge

[55] Note marginale:/Marginal note:
?? [L.B. Pearson]

that through technical developments, we are now able to detect not only atomic explosions anywhere in the world but also the major production facilities anywhere in the world, and to make a rough estimate of their location. The Panel will undoubtedly wish to discuss this aspect of the problem further in relation to the need for maintaining that the international inspectorate must have complete freedom of movement within the territories of any State. Would it be possible, for example, to confine our inspection and control proposals to declared plants in the knowledge that we could detect undeclared facilities, provided we should have the right of inspection by air or on the ground in any areas where we might suspect the existence of clandestine plants.[56]

35. The other broad section of the majority plan that might be profitably re-examined with a view to meeting Soviet objections is the question of "*stages*". We may assume that the Soviet Union will not sign an agreement which would place their territories under international inspection for several years during which the United States would have full control over its own atomic stockpile. We should be able to give the Russians, during our negotiations, a more precise idea of how long it would take to put our control plan into effect. We might also consider the desirability of proposing some sort of action that would, from the day of the signing of the Treaty, confer benefits upon the Soviet Union corresponding to those benefits which we would be deriving from rights of inspection within the Soviet Union during the interval of two or three years while the inspection and control system was being put into full effect. During the interval, for instance, it might be agreed that there should be a progressive destruction of atomic bombs, proportional to the total stockpiles on each side; but as this is probably demanding more mutual confidence than exists in present circumstances, it might be slightly less impractical to suggest that, with effect from the signing of the Treaty, all atomic bombs, mechanisms and nuclear fuels should be put under United Nations escrow, preferably in some continent remote from both the U.S.S.R. and the U.S.A., such as Africa.[57]

36. If we are to consider what concessions we might be prepared to make, it is equally important that we should know what concessions we are not prepared to make. Two proposals that have been much discussed in the press might be brought forward under this heading.

37. The first is the suggestion that the United States should be prepared to tie her hands to a majority vote of the Security Council, declaring that it would never use the bomb except in case of aggression as defined by the Security Council. If the analysis of the military prospect earlier in this paper is sound, we would be taking a very grave risk in limiting ourselves in any way in the use of our major — indeed our only strong — strategic weapon upon which the balance of power depends so largely at the present time and upon which it will continue to depend at least until

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[56] Note marginale:/Marginal note: Contradictory? [L.B. Pearson]

[57] Note marginale:/Marginal note: ? [L.B. Pearson]

the end of 1952, after which, our estimates show, its value will probably decline quite rapidly.[58]

38. The second concession which has been much discussed, but which it would be most dangerous to make, in our opinion, is any major revision of the majority proposals on inspection. This point has been so often elaborated, particularly by Mr. Pearson during the last Session of the Assembly, that it is unnecessary to go into detail in this paper, if the Panel is agreed as to the conclusion.[59]

The Hydrogen Bomb as it Affects the Majority Plan

39. It is perhaps too early to discuss the possible effects of the development of a weapon which does not yet exist and which may never be made, upon the requirements of a system of international inspection and control. For our present purposes, it is probably sufficient to assume, on the basis of our technical knowledge of the possibilities, that the problem of international control will not be altered in any essential respect, except to make it more important than ever that there should be no loopholes. The installations required for the large-scale separation of tritium or deuterium could probably be more readily concealed — deuterium plants as hydro-electric installations, and tritium plants as chemical factories. There would, of course, be no problem of the disposal of radioactive wastes nor would there be any tell-tale mining operations on a large scale, such as must take place in support of a programme for the production of uranium or plutonium. The international control plan would have to be based primarily upon the control of fissionable materials, as fusionable materials could more readily be produced clandestinely. However, if the control system were effective in preventing the secret production of nuclear fuels, it would be impossible to explode any kind of hydrogen bomb, as there would be no material for a fission reaction to trigger it. On the other hand, as has been pointed out earlier in this paper, any leakages of nuclear fuels to secret stockpiles would be ten or one hundred times more important if a hydrogen bomb is successfully developed. The possibility of developing a hydrogen bomb, therefore, makes it all the more important that any concessions in the majority plan should be most cautiously screened. However, it also makes our need for agreement all the more urgent.

Conclusion

40. A number of propositions have been put forward in this paper for Panel discussion. Any one of them may be analysed in much greater detail if it is the wish of the Panel.

41. Underlying this paper is the belief that in spite of the extremely discouraging record to date, we may yet find that atomic energy control is the subject on which it will be possible to make the first breach in the deadlock — and at the same time the first breach in the Iron Curtain. If we can think through in advance, in as much detail as possible, the sort of procedures and proposals which we should be prepared to sponsor, we should be ready when the time comes — and it may come

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[58] Note marginale:/Marginal note:
Surely this is not as great a risk as above. [L.B. Pearson]

[59] Note marginale:/Marginal note:
But the Soviet position on this is not yet clear to me. [L.B. Pearson]

soon — to exploit that breach to the full and work through it until a genuine peace front has been opened up. Only by demonstrating our readiness to negotiate, and to lower our sights a little on our target of international security, may we retain the whole hearted support of the Western world and reach at least some degree of security for long enough to allow the political issue to be decided in the final analysis by the wishes of the people concerned and not by any kind of bombs. We cannot hope for more than that.

318. DEA/50219-A-40

Procès-verbal d'une réunion de la Commission consultative sur l'énergie atomique, le 21 mars 1950

Minutes of Meeting of Advisory Panel on Atomic Energy, March 21,1950

TOP SECRET [Ottawa], March 22, 1950

Present:

Mr. N.A. Robertson — In the Chair (Secretary to the Cabinet),
Honourable L.B. Pearson (Secretary of State for External Affairs),
General the Honourable A.G.L. McNaughton (Canadian Permanent Delegate to the Atomic Energy Commission),
Dr. C.J. Mackenzie (President, National Research Council),
Dr. O.M. Solandt (Chairman, Defence Research Board),
Mr. Escott Reid (Acting Under-Secretary of State for External Affairs).
James George — Acting Secretary

I. INTERNATIONAL CONTROL OF ATOMIC ENERGY

1. *The Panel* considered a working paper dated March 18 prepared in the Department of External Affairs reviewing the Canadian Government's position on the international control of atomic energy.

2. *General McNaughton* thought that the Panel should begin with an examination of the technical factors involved before considering far-reaching recommendations. He asked in the first place for the opinion of Dr. Mackenzie and Dr. Solandt on the hydrogen bomb, and how it might be expected to affect the problem of international control.

3. *Dr. Mackenzie* and *Dr. Solandt* had formed the general impression from talking to both U.S. and U.K. officials and scientists, that, while President Truman's decision that the United States would endeavour to make a hydrogen bomb had radically affected public opinion on the subject of international control and might have created a new "political era", a new technical era had not in fact begun, as the United States Atomic Energy Commission had been working for many months on the problem of a fusion bomb and there was no indication that there had been a radical change in their programme or budget, but only a greater emphasis on this aspect of their programme. There was, in fact, some indication that U.S. thinking on the problems of fusion had not advanced very far, and there were certainly very great difficulties to be overcome before a fusion reaction could be achieved. The scientists did not, in any case, foresee the sudden development of a hydrogen bomb

with a release of energy enormously greater than that of a fission reaction: rather, they expected the development of a series of bombs, all with a core of fissionable material, using progressively larger quantities of fusionable material.

4. In these circumstances, *Mr. Pearson* said, it appeared unlikely that the United States could re-establish, by the development of hydrogen bombs, the same sort of lead in atomic weapons which had acted as a deterrent while the U.S. monopoly remained unbroken. Insofar as U.S. policy was based on the assumption of the continuing deterrent value of atomic superiority on the side of the United States, it might prove to be ill-founded.

5. *General McNaughton* said that all his conversations with U.S. scientific and military people had led him to the conclusion that the U.S. margin of superiority in atomic weapons was today greater than it had ever been, and that the Russians had a very long way to go, from their nuclear explosion, to the production of a stockpile of bombs.

6. *Mr. Reid* observed that the deterrent value of atomic superiority on our side was based on the Russian assessment of our stockpile and potential, as against theirs, and it was just as important *as a deterrent* for the Russians to believe that the United States had a great margin of superiority as it was to possess such a margin in fact. *Dr. Mackenzie* pointed out, however, that if Fuchs had told the Russians all he knew, they would have had a very good appraisal of the U.S. atomic position at the end of the war.

7. *Mr. Pearson* concluded that there was no technical information which would lead to any radical change in government policy on international control. Although the technical position may not have changed, he said, public opinion believed that it had, and was exerting pressure on governments to do something towards reaching international agreement as soon as possible. At the last Assembly, Mr. Vishinsky had made many ambiguous statements — about the veto and about inspection, for example — by means of which the Russians had been cultivating the impression that they were making concessions which we had turned down. We should be playing into their hands if we allowed the issue of atomic energy control to lie dormant. The only way to pin down the Russians and expose their position was to get them to resume negotiations. He wondered whether it would not be wise to suggest that, if the Six-Power Talks in the United Nations could not be resumed until the question of Chinese representation had been settled, the other five permanent members of the Atomic Energy Commission, including the Soviet representative, should meet informally, in much the same way as the representatives of the five Western countries had been meeting *ad hoc* throughout the Six-Power Talks.

8. *General McNaughton* said that before any decision was taken on this suggestion, we should consult with our partners in London and Washington. He added that he did not see how we could retain the support, at the Fifth Session of the General Assembly, of all the States that had gone along with us at the Fourth Session, unless the Atomic Energy Commission had met and brought up to date the majority plan. He thought it was essential to write into the plan the revisions which he had indicated at the last Assembly were generally accepted by the leaders of the major-

ity, so that the plan would reflect the latest thinking on this subject and be completely up to date.

9. *Mr. Pearson* doubted that the Soviet Union would accept the majority plan, even if it were somewhat revised as General McNaughton had in mind. He suggested that we should take another serious look at (i) our conception of international ownership and (ii) at ways and means of gaining international agreement for a qualified prohibition on the use of atomic weapons. As regards ownership, he wondered whether we could not abandon the concept altogether if we were to get a satisfactory system of inspection.

10. *General McNaughton* agreed that the term "ownership" was undesirable and was broader in its meaning than what the majority now had in mind, which was perhaps better expressed by his term "hold in trust". However, he did not see how any system of inspection could be satisfactory if control of major installations were not vested in the international agency.

11. *Mr. Reid* wondered whether, if we believe that the Russians would not accept the majority plan and the United States could not safely give up her stockpile of bombs for anything less, some more limited bargain might not be reached in the interim in exchange for Soviet acceptance of a scheme that went no further than inspection. Would the U.S. be prepared, for example, *Mr. Pearson* added, to give up direct control of its stockpile of bombs in exchange for agreement on international inspection alone?

12. *Mr. Reid* said that he felt any proposal for some sort of self-denying ordinance would be very difficult for the United States to oppose and that it was, therefore, desirable to have more to show to the next General Assembly than simply a majority plan brought up to date. If we did not propose something that we would be prepared to accept, others might seriously embarrass us by asking us to go much further than we could.

13. After further discussion, *the Panel agreed* that:

(a) Mr. Pearson would ask Mr. Wrong and Mr. Wilgress to sound out the U.S. and U.K. authorities as to the desirability of suggesting that, until the Six-Power Talks could be resumed with Chinese representation acceptable to all, the Five-Powers should meet informally to discuss atomic energy control: if the Soviet Union were to turn down such an invitation, we should at least have shown our good faith in wanting to resume negotiations; if the Russians were to accept, we should have an opportunity of exposing their so-called "concessions".

(b) We should also suggest to the U.S. and U.K. authorities the desirability of planning to hold meetings of all members of the United Nations Atomic Energy Commission, commencing early in the summer, so that we should have had an opportunity of bringing the majority plan up to date before the next General Assembly.

319. DEA/201-B(s)

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-517[60] Ottawa, March 27, 1950

TOP SECRET

At a meeting of the Atomic Energy Panel on March 21, attended by Robertson, McNaughton, Mackenzie, Solandt, Reid and myself, we concluded that an effort might usefully be made to resume informal atomic discussions with the Russians as soon as possible. As I said in my March 3 statement in the House, I have been concerned for some time by the impression which the Russians have been cultivating, and which seems to be gaining ground in public opinion in Western countries too, that Vishinsky, in his double talk at the last Assembly, offered concessions, or implied concessions, to which the Western countries have not responded. It is difficult to kill this sort of propaganda unless we succeed in pinning down the Soviet representatives to a detailed explanation of their position which will expose it for the sham it is. It seems to me that the only practicable way of trying to do this is by resuming negotiations with the Russians.

2. The Six-Power Talks cannot, of course, be resumed until the Security Council has admitted the representative of the Communist Government of China. As it now appears that there may be more delay than we had expected before this occurs, we might consider having informal Five-Power meetings of the U.K., U.S., France, U.S.S.R. and Canada. The representatives on the Atomic Energy Commission of the U.K., U.S., France, China and Canada have frequently held informal meetings and we see no reason why similar purely informal meetings should not be held among as many of the Powers chiefly concerned as possible. The essential is to get the Soviet representatives to come and be able to pin them down, in accordance with the Assembly's instructions to the Atomic Energy Commission and its six permanent members.

3. We realize, of course, that the Russians would probably refuse any such invitation with the rejoinder that in a discussion of so important a subject it would be unjustifiable to exclude the representatives of the world's most populous nation. Their reply might also contain the implication that in negotiations on the control of atomic energy the Soviet Union should have the right to be supported by the only one of the six powers which might now be sympathetic with its general point of view. Both these points might offset, certainly in the Asian countries and to some extent in the West also, the propaganda advantages which we might expect to gain either if negotiations were resumed or by demonstrating publicly that it is the Rus-

[60] Copie envoyée à Londres, N° 447 du 29 mars 1950.
Copied to London as No. 447 of March 29, 1950.

sians and not we who are dragging our feet on this issue. On balance, however, we think we have more to gain than to lose.

4. We also recognize that in present circumstances the United Kingdom Government might feel some hesitation in laying itself open to the charge of being a party to the exclusion of the Chinese and that neither they nor the U.S. Government would wish to take the initiative in calling meetings of this character. The French representative is Chairman of the Atomic Energy Commission this month and for this reason his Government might also wish to avoid taking the initiative in short-cutting the Atomic Energy Commission and its six permanent members. However, if we had assurances beforehand that the Governments of the United States and the United Kingdom would be prepared to send representatives to informal meetings of the Six without China, I think the Canadian Government would be prepared to take the initiative in issuing the invitations. We should, of course, be careful to emphasize that the exclusion of Chinese representation could not be taken as a precedent in dealing with this problem in formal United Nations bodies, such as the Security Council; the Six-Power Talks themselves have been recognized to be quite informal discussions for which U.N. secretarial assistance is furnished as a courtesy; we see nothing to prevent any combination of countries from meeting together *ad hoc* in order to discuss any particularly urgent international question such as atomic energy.

5. For your own information, I am a bit worried by the unyielding position adopted by the U.S. Administration on the subject of negotiations with the Russians in general. I should have thought that a little show of enthusiasm for resuming negotiations on atomic energy would help Acheson in meeting public criticism that could, if it is not somehow mollified, lead to a retreat on a much broader front.

6. Would you please take the next convenient opportunity of discussing this idea with the State Department informally at a suitably high level. I am also asking Canada House to sound out the U.K. Government.

320. DEA/201-B(s)

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 700 London, April 7, 1950

TOP SECRET. IMPORTANT.

Reference your telegram No. 447 of March 29th regarding suggested informal atomic energy discussions.

1. I called today on Sir Roger Makins who had just returned from Paris. He said that the same idea had occurred to their officials as had been discussed in our atomic energy panel on March 21st. At the beginning of March they had had a thorough exploration of the suggestion on the official level but had come to the

conclusion that there were more disadvantages than advantages from the propaganda viewpoint in the further pursuit of the idea. In particular, they felt all Chinese, whether Communist or Nationalist, would resent the exclusion of Chinese participation and that the Russians could obtain more propaganda value from upholding Chinese rights than we would gain from having proposed immediate informal discussions without waiting for a settlement of the United Nations deadlock over China.

2. At this stage I interrupted to point out to Makins the paragraph about atomic discussions in the published protest of Tsiang against suggestion of Lie, which Wrong referred to in paragraph 1 of teletype WA-757 of March 30th.† This appeared to be new to Makins and he took a careful note of what I said.

3. Makins then said that their conclusion a month ago had been that the only course was to seek a solution of the United Nations deadlock over Chinese participation and to accept deferment of further discussions on atomic energy until the deadlock had been resolved. In the meantime they had been taking care to allay their own public opinion by statements in the House of Commons pointing out the true facts of the situation and reaffirming United Kingdom readiness to resume discussions with the Russians at any time. One such statement had been made in the House of Commons last night. I shall telegraph you the text when it is available after the holidays.

4. In conclusion Makins said that while this had been and still is their attitude on the official level, he would raise the question with Bevin after the Easter holidays and inform him of what had been transpiring on the official level in Ottawa, London and Washington. He would advise me as soon as he had had the opportunity of consulting with the Secretary of State.

321. DEA/201-B(s)

Note du secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures[61]

Note from Secretary of State for External Affairs to Under-Secretary of State for External Affairs[61]

TOP SECRET [Ottawa], April 13, 1950

You will have seen from the notes on my conversations with Jessup and Rusk that we discussed at some length the problem of the international control of atomic energy.[62] Two questions emerged from our discussions, one concerning the method by which negotiations on atomic energy might be renewed and the other concerning the attitude to be adopted if it were possible to resume negotiations.

In regard to the first of these questions, we came to the conclusion that it was most unlikely that the Russians could be persuaded to resume negotiations on

[61] Note marginale:/Marginal note:
Mr George Perhaps we — the officials — sh[oul]d meet Wed[nesday] — then later with the Minister. A.D.P. H[eeney] Ap[ril] 15

[62] Voir le document 229./See Document 229.

atomic energy in any of the existing bodies established for the consideration of that subject, unless the Chinese Communist Government were included in the discussions. On the other hand, it was thought that the Russians were probably quite prepared to talk about atomic energy if some method could be found for resuming discussions which did not force them to withdraw from the position they had taken that 450 million Chinese must be represented, and could only be represented by the government at Peiping. The suggestion then emerged that we might consider taking up again amongst the three original signatories of the first atomic energy declaration, the United Kingdom, the United States and Canada, the question of international control, and then enlarging this group to include first the Russians and then the French. I agreed that we would give some consideration to this suggestion in Ottawa, and it has occurred to me that we might even take the initiative in calling these meetings. If we were to do so, I think the subject is one which I might discuss privately with Mr. Bevin and Mr. Acheson in London.

In regard to the substance of the discussion, Rusk of the State Department volunteered the opinion that, in the absence of any real hope of agreement with the Russians on the basis of the majority plan, there might be some merit in considering an international agreement prohibiting the use of the atomic bomb. He said that such a treaty would, of course, be effective only because of the threat of retaliatory action, and would not in itself lead to disarmament in atomic weapons. It was realized also that the merit of this approach would depend on a delicate calculation of the relative importance of the deterrent effect of the bomb upon the Russians as compared with the damage which the Russians might do even with a relatively small stock pile of atomic weapons. We did not pursue this aspect of our discussion in any detail in New York, but I think that Rusk's observation is one to which further consideration should be given.

I should be grateful if the two suggestions which I have outlined, one concerning renewed discussions on atomic energy and the other concerning the substance of these discussions, could be considered in the Department so that we can form some judgment on them prior to the meetings in London. It is perhaps not necessary at this stage to put them formally before the atomic energy panel and I think for the present that our consideration might be confined to members of the Department, with the possible addition of Mr. Robertson.

L.B. P[EARSON]

322. DEA/201-B(s)

L'ambassadeur aux États-Unis
au secrétaire du Cabinet

Ambassador in United States
to Secretary to Cabinet

TOP SECRET Washington, April 21, 1950

Dear Mr. Robertson:

The suggestions agreed at the Advisory Panel meeting held on March 21st that the U.S. and U.K. authorities should be sounded out on the possibility of resuming six-power talks on atomic energy or holding meetings of all members of the U.N. Atomic Energy Commission this summer, which was also the subject of your letter covering the minutes, of March 28th,† have now been fully explored with the State Department, in talks which Mr. Pearson had in New York, in my recent conversation with Hickerson, as well as between Ignatieff and Arneson. I take it that you will have seen the record of the conversation which Mr. Pearson had in New York with Messrs. Jessup, Rusk and Gross. My talk with Hickerson was reported in a letter to Mr. Pearson dated April 15th, and a copy of this letter was sent to Mr. Heeney.[63]

Ignatieff had a talk with Arneson on two separate occasions. In substance, Arneson was not able to add anything to what Hickerson had told me, as reported in the second and third paragraphs of my letter to Mr. Pearson of April 15th.

However, in a conversation on Friday, April 21st, Arneson was able to give Ignatieff an indication of the position which Mr. Acheson is expected to take should the question of atomic energy discussions be raised in the meeting of the North Atlantic Council next month. Arneson indicated that Mr. Acheson would probably take the line that, in the opinion of the U.S. Government, the proper forum for any atomic energy discussions with the Russians is in the six-power group. This is in accordance with the resolution adopted by the General Assembly at the last session which requested "the permanent members of the United Nations Atomic Energy Commission to continue their consultations, to explore all possible avenues and examine all concrete suggestions with a view to determining whether they might lead to an agreement securing the basic objectives of the General Assembly in this question, and to keep the Atomic Energy Commission and the General Assembly informed of their progress". Mr. Acheson is also expected to say that, insofar as the U.S. Government is concerned, they are prepared to resume talks in this forum at any time. He would recall that the reason why these talks were suspended was owing to the withdrawal of the Russians on the technical pretext of the Chinese representation and that this attitude of the Soviet Union well illustrates their attitude to this as well as other important aspects of the work in the United Nations.

[63] Voir le document 230./See Document 230.

Arneson said that the U.S. Government do not agree with the desirability of planning to hold meetings of the U.N. Atomic Energy Commission as a whole, as such discussions would not accord with the intent expressed in the General Assembly resolution referred to above and, moreover, would serve no useful purpose. The U.S. authorities, however, would not exclude the possibility of the sponsoring powers meeting before the next General Assembly convenes for further consultations. In this connection, Arneson recalled that, at the time when the Russians walked out of the six-power talks in New York, Hickerson was in favour of continuing the meeting of the group, if only to show that the Russians should not be allowed to frustrate the continuing work of the United Nations in this important field. It was the opposition of the French member, Chauvel, to this idea that prevented a meeting taking place without the Russians, which would have established a useful precedent. Arneson indicated, moreover, that the U.S. is not likely to take the initiative in calling for a meeting of the sponsoring powers group itself. The reason for this, as I reported in my letter to Mr. Pearson of April 15th, is that the general impression in the State Department is that the real difficulty in the atomic talks with the Russians is not any particular element in the majority plan but the continuing attitude of the Soviet Government on the question of international collaboration generally, and that unless this attitude changes, to seek agreement on any particular aspect in the international control plan would lead nowhere and might only increase the sense of public frustration.

I note from copies of telegrams from Wilgress which you have transmitted to us here that the suggestion for informal atomic energy discussion has been taken up with the British through London. I take it, therefore, that there would appear to be no point in discussing this question through officials of the British Embassy here, as suggested in your letter.

Yours sincerely,
H.H. WRONG

323. DEA/201-B(s)

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1577 Ottawa, September 11, 1950

SECRET

Repeat Permdel No. 490.
Your message WA-2004 of September 1st† re international control of atomic energy.

1. You may tell the State Department that the report they had heard from The Hague of the Canadian Delegation submitting new proposals on the international

control of atomic energy at the forthcoming session of the Assembly is not, repeat not, correct.

2. As you know, we had, last winter, been thinking about what modifications might be made in the present U.N. majority plan without affecting the essential provisions for international inspection anywhere, at any time, as indicated in the Minister's statement to the General Assembly Ad Hoc Committee last November 7th. However, the present international climate is hardly likely to produce, at the forthcoming session of the Assembly, anything more than a propaganda debate, for which we are currently preparing. We should be glad to have any indication you may be able to give us of State Department thinking in this regard.

3. As you will have seen from the copies of the telegrams referred to you, we have asked Riddell for his appreciation on the assumption that we should be prepared, even if there have been no further meetings of the Six-Powers, for India or one of the smaller countries to raise the subject of atomic energy control. The subject clearly has to be faced, even though the prospects of a settlement are more remote than ever, because of the understandable anxiety of all peoples for some sort of security in a world in which shooting has already begun. We think, therefore, that the western countries should be prepared to meet the charge that we are "standing pat" on the majority plan. However, we no longer contemplate any major modifications of the plan which would have to await a willingness on both sides to make a general settlement. Riddell has replied saying that a propaganda debate is regarded as inevitable, although neither the U.K. or U.S. Delegations regard the prospect with any enthusiasm. He adds that these Delegations do not appear to have given much thought to the question of tactics.

324. DEA/201-B(s)

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 601 New York, December 8, 1950

CONFIDENTIAL. IMMEDIATE.

Repeat Washington No. 77.

ATOMIC ENERGY

It is expected that the question of atomic energy will be raised in plenary at the beginning of next week. Yesterday Holmes attended a meeting with Coulson of the United Kingdom, Nash of the United States, Shann of the Australian delegations to discuss tactics. Attached is the text of a draft resolution,† based on an original Australian suggestion, presented at the meeting by Nash and somewhat revised by those present.

2. The Americans and Australians had agreed in advance that, although the present circumstances were not propitious for any advance on either phase of disarmament, nevertheless it was desirable to present in advance to the Assembly a proposal based on President Truman's statement of October 24th which would head off dangerous recommendations that might be expected from various quarters.[64] They emphasized that such a proposal should, while indicating an open mind, not jeopardize the majority plan.[65] It should not be specious or entirely meaningless, and it should not create false hopes of accomplishment. They recognized, of course, that the offer to link the question of atomic energy and conventional armaments laid them open to a Soviet charge of inconsistency.

3. The United Kingdom have been inclined to think that it would be better to recognize that nothing could be done at this time and that no new machinery should be created. However, Coulson said that personally he accepted the argument that it would be better to make an offer of some kind to direct the Assembly away from demands that would be unacceptable. He thought his Government would probably go along with the Australian-United States proposal.

4. Holmes, who attended the meeting without advance notice, said that he had no recent indications of his Department's views, but he thought that they would agree with the principle of examining the desirability of merging the A.E.C. and the C.C.A. He personally thought that many members of the Assembly would express great concern on the question of atomic energy, particularly in view of the controversy aroused by President Truman's most recent statement, and that it would be wise, therefore, for sponsors of the majority plan to meet the Assembly with a proposal of some kind. He suggested that one criticism of the proposed resolution might be that it put the whole question of disarmament in cold storage for a year. The others present agreed that this was a danger, although they emphasized that they had no intention of preventing the A.E.C. and C.C.A. or at least the five Powers, whose meetings to consider an end to the atomic impasse were suspended last January, from continuing their work during the year. Coulson advocated a stipulation to this effect in the last paragraph, but Nash and Shann thought the point might better be made in the statements by the sponsors.

5. It is proposed that the members of the Committee mentioned in the last paragraph should be the members of next year's A.E.C. and C.C.A. plus Australia; i.e. the Security Council with Canada and Australia added. Coulson and Holmes said that if Australia were to be added it might be desirable for Australia to sponsor the resolution by itself so that there might be some clear-cut reason for adding this one country to what was otherwise an obvious membership. Nash said that the United States was anxious to be a sponsor, in view of the President's having originally made the proposal on which it was based. Consideration was given to the possibil-

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[64] Truman a proposé la fusion des commissions sur l'énergie atomique et le désarmement des Nations Unies.
Truman proposed the consolidation of the Atomic Energy and Disarmament Commissions of the United Nations.
Voir/See *Papers of the Presidents of the United States: Harry S. Truman 1950*, Document 271, pp. 683-687.

[65] Voir *DREC*, volume 13, document 267./See *DCER*, Volume 13, Document 267.

ity of joint Australian-United States sponsorship or sponsorship by all the proposed members of the Committee. It was agreed that the Australians should approach the proposed members, excluding the U.S.S.R., to see whether they would wish to be co-sponsors.

6. The United States and Australia hope that the resolution can be submitted as soon as possible, and at any rate well in advance of the plenary session at which it will be discussed. We should be grateful, therefore, for your views at the earliest possible moment on the draft resolution and as to whether we should be prepared to act as co-sponsors along with some or all members of the A.E.C.

325. DEA/201-B(s)

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 602 New York, December 8, 1950

CONFIDENTIAL. IMMEDIATE.

Repeat Washington No. 78.
Reference my immediately preceding teletype, atomic energy.
Following is text of draft resolution, text begins:

The General Assembly

Recognizing that the effective regulation and reduction of national armaments would substantially diminish the present danger of war, relieve the heavy economic burden placed upon the peoples of the world in the absence of a system of armaments control, and permit the greater use of man's resources to projects devoted to his betterment;

Recognizing that the regulation and reduction of armaments to be effective must include weapons of all kinds, must be based on unanimous agreement, and so must include every nation having substantial armaments and armed forces;

Recognizing further that any plan for the regulation and reduction or armaments and armed forces must be based upon safeguards that will assure the compliance of all nations;

Recognizing the inability to date to achieve agreement among nations on the elimination of atomic weapons under a system of effective international control of atomic energy and the regulation and reduction of other armaments and armed forces;

Recalling that a plan has been developed in the UNAEC and approved by the General Assembly for the international control of atomic energy, which would make effective the prohibition of atomic weapons; and that much useful planning work has been accomplished in the Commission for Conventional Armaments;

Desiring to carry this planning work forward toward a comprehensive system of armaments control;

Decides to establish a Committee of _____ to consider and report to the next regular session of the General Assembly on ways and means whereby the work of the AEC and the Commission for Conventional Armaments may be coordinated and upon the advisability of their functions being merged and placed under a new and consolidated Disarmament Commission. Text ends.

326. DEA/201-B(s)

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM 632 Ottawa, December 9, 1950

CONFIDENTIAL. IMMEDIATE.
Repeat Washington EX-2535.

Your teletypes No. 601 and 602 of December 8 re draft resolution on atomic energy and conventional armaments.

1. Our first reaction to the draft resolution is unenthusiastic. It is, of course, only a preliminary draft, but we think an attempt should be made to tighten up the wording and generally to give the resolution more muscle than it now has. We think the operative part is weak and the preamble rather dull.

2. These uncharitable remarks, for your background information, impose the obligation of suggesting something better. In our immediately following message† we have attempted to re-draft the resolution not only changing the wording but the substance. Although we think this is some improvement, we would not suggest that you put it forward until you have polished it further and until we have your comments on the changes in substance which we have suggested.

3. Our main objective of substance is to see whether we could not take more positive action towards coordinating the functions of the AEC and CCA than setting up a Committee the principal reason for which, from the point of view of one of its sponsors, would appear to be to get on the Committee.

4. Although we cannot very well mention the point, you will have noted the connection between this proposal and Mr. Robertson's suggestion at the last meeting of the Atomic Energy Panel of which we told you in our Despatch No. 166 of November 21.†

5. As regards procedure and tactics, we concur in the very sensible comments made by Holmes at his meeting with the U.K., U.S. and Australian delegations. In particular, we share Holmes' doubts about adding Australia to the membership, as we feel that it would almost certainly lead to requests from other non-member countries which it might in some cases be difficult to refuse. This is perhaps a point that might be put in confidence to the United States and United Kingdom Delega-

tions. If Australia were to be added, simply on the grounds of sponsoring the resolution, we might have to come to including all countries who had previously served on the Security Council.

6. As regards the question of sponsorship, we see no objection to your joining with other members of the Atomic Energy Commission in sponsoring whatever resolution on this subject might emerge on the general lines now under discussion. We are inclined to think, however, that the question of sponsorship is of less consequence than the way in which a resolution is supported.

7. We suppose that one of our principal objects in putting forward this resolution is to forestall an ill-considered resolution being put forward at the last moment. At the same time there is probably something to be said for making an effort to see whether the U.S.S.R. would be willing to co-operate seriously in merging consideration of atomic and conventional disarmament, on which they have done so much talking. If this is our object, we should take care to word the resolution so that it does not give the Russians any easy excuse for opposing it.

8. We assume that, as the Minister has already indicated publicly, Canada should be a member of any joint body to consider disarmament of conventional and atomic weapons.

327. DEA/201-B(s)

Le chef de la Direction des Nations Unies
au chef de la Direction de liaison avec la Défense

Head, United Nations Division,
to Head, Defence Liaison Division

PERSONAL & CONFIDENTIAL New York, December 14, 1950

Dear Bert [MacKay],

I am sorry that there has been no official response to your telegram No. 632 of December 9th, in which you commented on the draft resolution on atomic energy and conventional armaments. It was a very helpful telegram and I hope that you did not conclude that we had ignored it. What happened, however, was that the telegram reached here late on Saturday. It was impossible to find anyone to discuss it with until we reached Lake Success on Monday morning. The Minister arrived Monday morning and I explained the situation to him as we drove out in the car. He expressed very strong views about Australia's initiative and the reason for Australia endeavouring to get on this Committee. He said that he thought we ought to have nothing to do with the resolution; that we might vote in favour of it and possibly act as co-sponsor, but only if all the other members of the AEC — excepting of course the Soviet Union — were going to sponsor as well. As he did not want us to be involved, he thought, therefore, that we could not logically propose a substantial amendment.

It seemed to me the best thing, therefore, was to explain your suggestions to the British whose views on the whole resolution were very similar to ours. The British

agreed with these suggestions, but by this time it was too late to do much with them. The Australians had already secured the agreement of a number of states to act as co-sponsors and were ready to table their draft. The subject was due for discussion in the Assembly on Tuesday and the resolution had to be submitted the day before. Consequently, we concentrated our attentions on politely discouraging the Australians. This was a matter which required a very delicate approach as the Australians would be quick to resist any endeavour on our part to exclude them from this distinguished body. However, the Australians in New York were well aware of their embarrassing position and not at all enthusiastic about a proposal which had been forced upon them by Spender. Late Monday afternoon, therefore, Sir Keith Officer took it upon himself to decide that Australia would not put her name forward for this body. He said it was time they stopped embarrassing their friends. When I reported this fact to the Minister, he agreed that we might now act as a co-sponsor. There was no time, however, to introduce amendments as these would have had to be discussed with all the other co-sponsors and would almost certainly have had to be referred back to the State Department and to the Foreign Office. The only thing I was able to do was to convince the Australians that their draft paragraph 2 was appallingly worded. They made a slight change which did not help very much.[66]

I am sorry that this all happened too quickly. If we hadn't had our minds concentrated on Korea, we might have done more advance preparation. I confess that I had been entirely unaware of the fact that this subject was to come up in Plenary until one morning last week when I was dragged off to a meeting, which I reported on, on a few minutes notice. I hope that you and Jim [George] do not consider that what has been done is too bad. Certainly, the formula you proposed would have been more satisfactory.

Yours sincerely,
JOHN [HOLMES]

[66] La résolution a été adoptée le 13 décembre 1950 lors d'un vote par appel nominal : 48 pour, 5 contre (bloc soviétique) et 3 abstentions (Pakistan, Yougoslavie et Indonésie).
The resolution was adopted on December 13, 1950 on a roll call vote: 48 in favour, 5 against (Soviet bloc) and 3 abstentions (Pakistan, Yugoslavia and Indonesia).

SECTION G

LE HAUT-COMMISSAIRE POUR LES RÉFUGIÉS
HIGH COMMISSIONER FOR REFUGEES

328. DEA/5475-DS-7-40

Note du chef de la Direction des Nations Unies pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, United Nations Division, to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], October 5, 1950

HIGH COMMISSIONER FOR REFUGEES

I attach for your signature, if you approve, a despatch to the Chairman of the Canadian Delegation to the Assembly concerning the item dealing with the functions of the Office of the High Commissioner for Refugees.

A commentary article† dealing with all the sub-headings of the item on refugees has already been approved and will be sent to New York within a day or two. The attached despatch deals solely with the question of the definition of refugee. It seems likely that this is the only part of the draft statute prepared by ECOSOC which may lead to controversy. You will remember that the Canadian Delegation at the Assembly last fall joined with the United States Delegation in supporting a category type definition, but that after further consideration, Cabinet approval was obtained to change our policy and to support a broad definition at the Eleventh Session of ECOSOC.[67] We did give strong support to the United Kingdom Delegation at the Council in their efforts to secure a general definition and this definition was rejected by a very narrow vote. The United Kingdom intends to reopen the issue at the Assembly and it is possible that the Council's decision may be reversed.

Some of the arguments which led us to favour a broad definition are less strong than they were, but on the whole, I think that both on moral and practical grounds we ought still to favour a general definition.

The attached despatch with its enclosure (Report of the Canadian Delegation to ECOSOC) indicates the developments which have taken place in the last few months. It may be useful for the Delegation to have this information before taking a stand on this matter at the Social Committee.

J.W. HOLMES

[67] Voir le document 343./See Document 343.

329. DEA/5475-DS-7-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

DESPATCH V-36 Ottawa, October 5, 1950

CONFIDENTIAL

ITEM 32 — HIGH COMMISSIONER FOR REFUGEES

I attach a copy of the report of the Canadian Delegation to the Eleventh Session of the Economic and Social Council† on the item dealing with the Statute of the High Commissioner for Refugees.

2. As you will note from the Delegation's report, they considered the final draft of the Statute to be quite satisfactory except for the definition of refugee. Therefore, while voting in favour of the Statute as a whole, they specifically reserved the position of the Canadian Delegation to the General Assembly in respect of the clause dealing with the competence of the High Commissioner.

3. The Canadian Delegation strongly supported the United Kingdom Delegation in urging a broad definition for "refugees" but the United States and French Delegations succeeded by a narrow majority in securing the category type of definition as at present incorporated in the draft convention on refugees. While the Canadian preference for a broad definition instead of a list of categories still stands, it should be noted that some of the reasons which influenced our thinking before the Council Session are no longer valid. In the first place, our fear of offending the Asian countries by restricting the competence of the High Commissioner to European refugees was apparently unfounded. At the Council, China voted in favour of the narrow definition, Pakistan abstained on all votes throughout the debate, and India, while abstaining on the Statute as a whole, supported the restrictive definition.

4. Until the summer session of ECOSOC, the United Kingdom, France, and Belgium had formed a solid front in support of a general definition of refugees both for the Convention and for purposes of the High Commissioner's Office. Canadian thinking was to some extent influenced by the fact that these European countries who were much more directly concerned with refugee problems than Canada, were strongly in favour of a wide definition to include all bona fide refugees. The defection of France has divided the Western European countries on the issue and seriously reduced the chances of obtaining a broad definition, even though, as explained in the attached report, it seems fairly clear that the conversion of France is one of convenience rather than conviction.

5. The unexpected stand taken by the Asian and French Governments removes one factor which accounted in part for Canadian support of the broad definition. Moreover the definition as worked out by the Council contains two improvements over the earlier draft as prepared by the *ad hoc* Committee.

6. By adding the words "or circumstances directly resulting from such events", (i.e. — events in Europe before January 1, 1951) to the description of category three, the definition is extended to cover refugees who may flee from Eastern Europe well after January 1, 1951, provided their flight is due to political trouble which is traceable to events occurring before January 1, 1951. The Council discussed this point in some detail and it was clearly the intention that a broad interpretation would be given to this phrase.

7. Secondly, the provision whereby the High Commissioner for Refugees is authorized to negotiate on behalf of other categories of refugees, pending a General Assembly decision on their eligibility, gives at least the possibility of liberalizing the competence of the High Commissioner.

8. The considerations outlined above will have some effect on the line of argument to be adopted on the discussion on refugees but do not seem to the Department to be sufficiently important to justify a reversal of our policy in support of a global definition.

9. There are two strong arguments against the present draft definition. The first is that the General Assembly has accepted the principle that the refugee problem is international in scope; it has established a High Commissioner's Office to look after refugees; it has clothed the High Commissioner with responsibilities of a legal and moral nature. It is hardly justifiable, therefore, to restrict his moral authority to refugees in a particular geographical area whose refugee status results from events occurring within particular time limits. On moral grounds, all bona fide refugees everywhere, present and future, should surely come within the mandate of the United Nations High Commissioner for Refugees and that principle should be accepted and established now and not gradually reached on a piece-meal basis by adding a category at a time. The second objection to the present text of the competence clause is that General Assembly approval of each category will inevitably involve heated and prolonged political debates. It may well happen that a category of refugees, deserving on humanitarian grounds of whatever benefits the High Commissioner may be able to gain for them, will remain outside his mandate either because of obstructive tactics on the part of certain members of the United Nations or because well-disposed governments, reluctant to precipitate bitter propaganda debates, will be hesitant to sponsor new categories. A decision now to place all refugees under the competence of the High Commissioner would avoid such difficulties for the future.

10. If the category type definition is upheld it is, of course, better to have some provision for adding to the categories than to freeze the High Commissioner's mandate in its present form, but this method seems to us to be a second best alternative acceptable only if a general definition is rejected.

ESCOTT REID
for Acting Secretary of State
for External Affairs

330. DEA/5475-EA-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 511 New York, November 28, 1950

CONFIDENTIAL. IMPORTANT.

Reference my despatch No. 162, November 23rd,† re activities of Social Committee — refugees.

Third Committee completed yesterday general debate on item 6 of its agenda. As indicated in my despatch under reference, it was not considered necessary for the Canadian representative to make any statement at this stage.

2. Following rejection of a draft resolution by Byelorussia which would have condemned "United States, United Kingdom, France and other countries" for having failed to implement General Assembly Resolution 8/1 of February 12th, 1946,[68] the Social Committee agreed to give consideration first to definition of the term "refugee". A motion by Rochefort, the French delegate, that discussion on this term "refugee" should be proceeded with with regard to statute as well as to convention was accepted by the Committee.

3. Judging by number of draft resolutions and amendments already submitted, it is likely that this question will give rise to a very lengthy debate.

4. The delegation has agreed to co-sponsor with United Kingdom, Belgium and Turkey a draft resolution which would insert in draft statute and in draft convention a broad definition. Text of this joint draft resolution will be found in my immediately following teletype.

5. French delegate has been particularly vigorous, if not a little bitter, in his plea for the acceptance of a narrow definition both for the draft statute and for the draft convention. Yesterday's debate was clearly uncompromising in tone, and efforts are now being made, outside the Committee, to find a formula which would be acceptable to both the delegates supporting the French attitude and to those favouring the United Kingdom. We have been informed confidentially that the French delegation might be prepared to accept a broad definition along the lines suggested by us for the draft statute, provided the supporters of a broad definition were willing to accept a more restricted definition for the draft convention. It appears that apart from Rochefort's personal motives, the French delegation has genuine fears that a broad definition in the convention would make it possible for masses of refugees to seek asylum in France in case for instance of revolution in a neighbouring country.

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[68] Voir Canada, ministère des Affaires extérieures, *Rapport sur la première partie de la première session de l'Assemblée générale des Nations Unies*, Ottawa, Imprimeur du Roi, 1946, pp. 70-71.
See Canada, Department of External Affairs, *Report on the First Part of the First Session of the General Assembly of the United Nations*, Ottawa: King's Printer, 1946, pp. 69-70.

6. You might wish to let us have your views on our joint draft resolution. In view of Rochefort's attitude, we are considering revising our joint resolution into two separate documents, dealing respectively with draft statute and draft convention. This procedure might facilitate acceptance of our definition for the draft statute, and any proposed definition for draft convention likely to get support of majority would be examined in light of our instructions.

7. The Committee is not meeting until tomorrow. A brief statement has been prepared in support of our joint draft resolution, stating various arguments which have prompted the Canadian delegation to support a broad definition, as outlined in the commentary.

331. DEA/5475-EA-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 512 New York, November 28, 1950

CONFIDENTIAL. IMPORTANT.

Reference my immediately preceding teletype re refugees.
Following is text of joint resolution by Belgium, Canada, Turkey and United Kingdom, regarding definition of term "refugee". Begins:

"Substitute the following text for:

(I) Section C of Chapter III of the Draft Statute for the Office of the High Commission (pp. 13-14 of document A/1385).

(II) Article 1 of the Draft Convention on the Status of Refugees (pp. 8-9 of document E/1850).

"(a) The term "refugee shall apply to any person who is outside the country of his nationality or, if he has no nationality, the country of his former habitual residence, because he has well-founded fear of victimization by reason of his race, religion, nationality or political opinion and is unable or, because of such fear, is unwilling to avail himself of the protection of the Government of the country of his nationality or, if he has no nationality, to return to the country of his former habitual residence.

(b) A person, who is a national of more than one country, shall not be considered to be a refugee within the meaning of paragraph (a) unless he satisfies the provisions of that paragraph in relation to each of the countries of which he is a national"." Ends.

332. DEA/5475-EA-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 354 Ottawa, November 29, 1950

CONFIDENTIAL. IMPORTANT.

Reference your teletype No. 511 of November 28 concerning refugees.

The text of the resolution which you have agreed to co-sponsor with Belgium, Turkey and the United Kingdom appears to be satisfactory. It might be advisable however to have separate resolutions for the Statute and the convention for the reason which you have given and because these two instruments should be kept distinct and separate and stand on their own feet.

2. If you think, on the basis of the statements made to date, that the Social Committee is unlikely to approve a broad definition of refugees for the convention, you might try to get the French, the United States and other delegations in favour of the category-type definition to agree to some compromise. If this can be done you could then withdraw or modify your joint resolution in the interests of cooperation and unanimity. In the end if the United States definition finally comes to a vote without change and your joint resolution in either its present form or in a modified form has been defeated, you might in your discretion support it.

3. As regards the definition for the Statute, I think that you should continue to hold out as long as possible for the broad type of definition for the reasons given in the Commentary. It is more important that the Statute which sets forth United Nations objectives and the terms of reference of a United Nations official should be broad than the convention which, after all, will only concern those countries which adhere to it. However, if your joint resolution is defeated you might in your discretion support any other resolution, on the theory that half a loaf is better than none.

333. DEA/5475-EA-40

Le chef de la délégation à l'Assemblée générale des Nations Unies
au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly,
to Secretary of State for External Affairs

TELEGRAM 541 New York, November 30, 1950

CONFIDENTIAL. IMPORTANT.

Reference your teletype No. 354 of November 29th and previous communications concerning refugees — Third Committee.

1. In the light of uncompromising tone of debate, the Social Committee agreed yesterday morning to set up an informal Working Party composed of representatives of delegations which had deposited resolutions or amendments. This Working Party, consisting of Belgium, Canada, France, Israel, Turkey, the United Kingdom, the United States, and Venezuela, met yesterday and today with a view to drafting compromise definitions. You will find in my immediately following teletype the text of the two definitions which this Working Party was able to present to the Social Committee late this afternoon.

2. We are satisfied that these texts are the best formula obtainable under the present circumstances. You will note that the definition for the Convention was arrived at by amending the definition suggested by ECOSOC. The definition devised for the Statute was arrived at by using our joint resolution as a working basis. On the theory that half a loaf is better than none and in the interest of cooperation and uniformity, we are inclined to support these two definitions.

3. These definitions will be discussed in Committee tomorrow and we are considering some minor amendments which would improve those provisions which we are somewhat more reluctant to accept:

(a) Part C. (3) of definition for Convention — to amend last part of sentence to read "and, because of such kinship, enjoys within the country/within the country the rights and privileges usually attached to the possession of the nationality of such country".

(b) In new paragraph suggested for general principles of Statute — also add the words "within the country/within the country" before the word "rights" in first sentence.

(c) Sub-paragraph (3) of paragraph (b) of definition regarding competence of High Commissioner — to amend sentence so as to read "such person does not at present/at present fall under the auspices of other organs or agencies of the United Nations or";.

4. We would appreciate having your early comments on the general suitability of these definitions. It may be, of course, that they may be further amended following consideration by members of Committee. We are inclined to believe, however, that they will be in substance acceptable to the majority.

334. DEA/5475-EA-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 542 New York, December 1, 1950

Reference my immediately preceding teletype concerning refugees — Third Committee.

1. Following are texts of definitions drafted by informal working party for Convention on the status of refugees and for Statute of High Commissioner's Office. Text begins:

I. Substitute the following text for Chapter 1, Article I of the draft Convention on the status of refugees, (Document E/1850):

"A. For the purposes of this Convention, the term "refugee" shall apply to any person who:

(1) Since 1st August 1914, has been considered a refugee under the arrangements of 12th May 1926 and 30th June 1928 or under the Conventions of 28th October 1933 and 10th February 1938, the Protocol of 14th September 1939 or the Constitution of the International Refugee Organization;

Decisions as to eligibility taken by the International Refugee Organization during the period of its activities shall not prevent the status of refugee being accorded to persons who fulfil the conditions of paragraph 2 of this Article;

(2) As a result of events occurring before 1st January 1951 and owing to well-founded fear of being persecuted for reasons of race, religion, nationality or political opinion, is outside the country of his nationality and is unable, or owing to such fear or for reasons other than personal convenience is unwilling, to avail himself of the protection of that country; or who, not having a nationality and being outside the country of his former habitual residence, is unable, or owing to such fear or for reasons other than personal convenience, is unwilling to return to it;

In the case of a person who has more than one nationality, the above term 'the country of his nationality' shall mean all the countries of which he is a national, and a person shall not be deemed to be lacking the protection of the country of his nationality if, without any valid reason based on well-founded fear, he has not availed himself of the protection of one of the countries of which he is a national;

B. This Convention shall cease to apply to any person falling under the terms of Section A if:

(1) He has voluntarily reavailed himself of the protection of the country of his nationality;

(2) Having lost his nationality, he has voluntarily reacquired it;

(3) He has acquired a new nationality, and enjoys the protection of the country of his nationality;

(4) He has voluntarily re-established himself in the country which he left or outside which he remained owing to fear of persecution;

(5) He can no longer, because the circumstances in connexion with which he has been recognized as a refugee have ceased to exist, claim grounds other than those of personal convenience for continuing to refuse to avail himself of the protection of the country of his nationality.

C. (1) No contracting State shall apply the benefits of this convention to any person when there are serious reasons for considering that such person has committed a crime specified in Article VI of the London Charter of the International Military Tribunal;

(2) No contracting State shall be obliged, under the provisions of this Convention, to grant refugee status to any person falling under the provisions of Article 14, paragraph 2, of the Universal Declaration of Human Rights.

(3) This Convention shall not apply to a person who has entered a country with whose nationals he has close ties of ethnic and cultural kinship and, because of such kinship, enjoys the rights and privileges usually attached to the possession of the nationality of such country.

D. The contracting States may agree to add to the definition of the term 'refugee' contained in this article persons in other categories, including such as may be recommended by the General Assembly.

II. Amend the Statute of the High Commissioner's Office for refugees, Chapter I, General Principles (A/1385, page 7) by inserting a new paragraph to be (I), the present four paragraphs to be renumbered II, III, and IV:

"The High Commissioner acting under the authority of the General Assembly, shall perform the function of providing international protection under the auspices of the United Nations, to refugees who do not enjoy the rights and privileges attaching to possession of a nationality in accordance with the conditions laid down in the Statute. In that connexion, he shall have the general power to intervene on behalf of all refugees who comply with the conditions laid down in this Statute. In the exercise of his functions and in particular should any difficulty arise, the High Commissioner shall request the opinion of the Advisory Council."

III. Amend Chapter III, Section C — competence, as follows:

"The persons to whom the competence of the High Commissioner extends shall include:

(a) Persons defined in Article I (Chapter I) of the Convention relating to the status of refugees, and

(b) Any other person, who is outside the country of his nationality or, if he has no nationality, the country of his former habitual residence, because he has or had well-founded fear of victimization by reason of his race, religion, nationality or political opinions and is unable or, because of such fear is unwilling to avail himself of the protection of the Government of the country of his nationality or, if he has no nationality, to return to the country of his former habitual residence;

Provided:

(1) That a person, who is a national of more than one country, shall not be considered to be a refugee within the meaning of the above paragraph unless he satisfies the provisions of that paragraph in relation to each of the countries of which he is a national or;

(2) That he is not a person who has entered a country with whose nationals he has close ties of ethnic and cultural kinship and because of this kinship, enjoys the rights and privileges usually attached to the possession of the nationality of such country or;

(3) Such person does not fall under the auspices of other organs or agencies of the United Nations or;

(4) That such person has not committed a crime covered by the provisions of treaties of extradition or a crime mentioned in Article VI of the London Charter of the International Military Tribunal or by the provisions of Article 14, paragraph 2, of the Universal Declaration of Human Rights." Text ends.

335. DEA/5475-EA-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 358 Ottawa, December 1, 1950

CONFIDENTIAL. IMPORTANT.

Reference your teletypes 541 and 542 concerning refugees.

1. The definition for the Draft Convention appears to be satisfactory.

2. As regards the definition for the Statute, we have the following comments to offer:

Paragraph (I). The last phrase "the High Commissioner shall request the opinion of the Advisory Council" seems to prejudge the establishment of such a Council or Committee. This is a separate question which will arise when the Committee considers part B of Chapter II of the Statute.

Paragraph (III). Section (B) para (3). The phrase "under the auspices of other organs or agencies" is not very clearly worded. There might, for instance, be a danger that no women could be considered refugees because they fall under the auspices of the Commission on the Status of Women. A further point is that the IRO will continue to exist until September 30, 1951. This paragraph might exclude all I.R.O. refugees from the High Commissioner's responsibility until next October which is probably not its intention.

Paragraph (III). Section (B) para (4). The wording could be improved by changing "by the provisions" to read "in the provisions" or something similar.

3. In general, your suggested amendments appear to be satisfactory. If the majority agree to the two resolutions as at present worded, the compromise achieved would be quite satisfactory.

336. DEA/5475-EA-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 580 New York, December 5, 1950

CONFIDENTIAL. IMPORTANT.

Reference your teletype No. 358 of December 1st, and previous communications concerning refugees.

Social Committee completed yesterday adoption of definitions for the Draft Convention and for Statute of High Commissioner.

2. Except for deletion of sub-paragraph 2 of paragraph C of definition for Draft Convention and for some other minor amendments, the Committee accepted the text of definition suggested by informal Working Party for the Draft Convention. The vote was 12 in favour, including Canada, 6 against and 21 abstentions.

3. The greater part of the definition proposed by the informal Working Party for insertion in the Draft Statute was also accepted by the Committee. Sub-paragraph B and C of paragraph 2 of the definition suggested by the Working Party had, however, to be re-worded to meet the objections of the Arab and some Far Eastern delegations. The final vote on the whole of this definition was 15 in favour, including Canada, 5 against and 17 abstentions. The complete text† of these definitions as adopted by the Third Committee is being forwarded to you under separate cover.

4. The delegations interested in the question of refugees were rather disappointed by the little support which these two definitions received from the members of the Committee, particularly in view of the fact that these definitions had been arrived at after much work by the informal Working Party and were the result of genuine efforts to reach a compromise formula which would be acceptable to the great majority. It may be, however, that several delegations did not have sufficient time to communicate with their respective Governments for instructions on these two compromise definitions which might explain the small number of affirmative votes thereon. Absence of strong opposition to any one of these two definitions might tend to confirm this view in which case it might be expected that the definitions would receive a wider support in the plenary meeting.

5. Unless advised to the contrary, it is our intention to vote in favour of these definitions when they come up in plenary.[69]

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[69] Note marginale:/Marginal note:
I do not think it is necessary for us to reply to this. In any event it is impossible to make any intelligent comment until we receive the clear texts of the definitions as approved. G[eorge] K. Grande.

337. DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET Ottawa, December 18, 1950

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REFUGEES

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12. *Mr. Ford.* The General Assembly has adopted a Statute for the Office of the United Nations High Commissioner for Refugees. The Statute outlines the general principles, organization, powers, functions and competence of the High Commissioner's Office. In an accompanying resolution the Assembly has called upon all governments to cooperate with the High Commissioner in certain specified ways. In brief, the High Commissioner will endeavour to provide international protection for the refugees falling under his competence. A detailed set of criteria will enable him to determine what persons may claim his assistance.

13. The Assembly elected Dr. G.J. Van Heuven Goedhart as the first High Commissioner for Refugees. The only other candidate was Mr. J. Donald Kingsley, the present Director-General of the I.R.O. The Canadian Delegation supported Dr. Geodhart who received 30 votes. Mr. Kingsley received 24 votes. The new High Commissioner will commence his work on January 1, 1951.

14. The Assembly also approved the decision of the Social Committee, which was reported last week, to convene a conference of plenipotentiaries in Geneva for the final establishment and signature of the convention relating to the status of refugees and the protocol relating to the status of stateless persons. (Unclassified)

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4e PARTIE/PART 4

CONSEIL ÉCONOMIQUE ET SOCIAL
ECONOMIC AND SOCIAL COUNCIL

SECTION A

DIXIÈME SESSION, LE 7 FÉVRIER AU 6 MARS 1950
TENTH SESSION, FEBRUARY 7 TO MARCH 6, 1950

338. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], January 25, 1950

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ECONOMIC AND SOCIAL COUNCIL; CANADIAN DELEGATION

11. *The Prime Minister* referring to discussion at the meeting on January 17th, reported that Mr. Raymond Eudes, M.P., would be available to act as Chairman of the Canadian delegation to the 10th Session of the Economic and Social Council opening shortly in New York. It was accordingly proposed that the delegation consist of Mr. Eudes as Chairman, with Dr. George Davidson and Mr. S.D. Pierce as alternate representatives. In addition, Government officials at the United Nations Organization would be available to act as advisers.

(External Affairs memorandum — Jan. 24, 1950).[70]

12. *The Cabinet*, after discussion, agreed that the Canadian delegation to the 10th Session of the Economic and Social Council consist of Mr. Eudes as Chairman, with Dr. George Davidson and Mr. S.D. Pierce as alternate representatives, it being understood that Dr. Davidson would not be required to be present when matters of a purely economic nature were under discussion.

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[70] Non retrouvé./Not located.

339. PCO

Note du premier ministre pour le Cabinet

Memorandum from Prime Minister to Cabinet

CABINET DOCUMENT NO. 38-50 [Ottawa], February 1, 1950

SECRET

TENTH SESSION — ECONOMIC AND SOCIAL COUNCIL
(INSTRUCTIONS FOR THE CANADIAN DELEGATION)

It is important that at the Tenth Session of the Council, which marks the return of Canada after a one year absence, the Canadian Delegation should take an active part in the discussions and make a useful contribution to the work of the Session. The agenda is lengthy and varied and detailed instructions on each item are unnecessary. It is essential, however, that the Delegation be given general instructions which they can apply in discussion of individual items.

Recommendation

It is recommended that the attached memorandum of Draft Instructions to the Canadian Delegation be approved.[71]

LOUIS S. ST. LAURENT

[PIÈCE JOINTE/ENCLOSURE]

Instructions provisoires pour la délégation canadienne à la dixième session du Conseil économique et social, New York, le 7 février 1950

Draft Instructions for the Canadian Delegation to the Tenth Session of the Economic and Social Council, New York, February 7, 1950

SECRET [Ottawa, February 1, 1950]

General

The fundamental principle which should guide the Delegation is the belief that the Economic and Social Council is a valuable potential instrument for international co-operation in meeting the world's economic and social problems. Its progress to date however has not been entirely satisfactory, partly because of the propaganda and obstructionist tactics of the Cominform members and partly because of the unrealistic attitude of certain other countries. If the Cominform Delegations participate in the 10th Session, the Canadian Delegation should do whatever is feasible to minimize the delaying effects of their interventions by

[71] Approuvé par le Cabinet, le 1 février 1950./Approved by Cabinet, February 1, 1950.

attempting to have certain items referred to appropriate commissions or specialized agencies for consideration and by ignoring specific charges against Canada when these are patently for propaganda purposes and when the Canadian position has already been adequately defended. The Delegation should press for a realistic and sound approach to all problems and should subject all draft resolutions to a critical examination with a view to assessing their real value as against the expenses and administrative work involved.

Selection of Officers

In selecting officers for the Council, the Delegation should take into account the competence of the candidates, the advantage of previous experience and the general principle of reasonable geographical distribution.

Economic Questions

The debate on the world economic situation is expected to take the form of a general discussion of economic changes and trends and international commodity problems during the past year, and no specific resolutions or recommendations are anticipated. It will be necessary for the Canadian Delegation to make a statement; the Delegation will be equipped with recent information on economic developments and trends in Canada. Cominform countries may charge that Canada and the other capitalistic countries are faced by trade depression. A reasonably optimistic statement could be made regarding this country, and particularly regarding the prospects for imports from Europe.

The debate on Full Employment and Unemployment will be based on the Report of a Committee of Experts and the Recommendations of the Economic and Employment Commission concerning that Report. It is directed towards the desirable objective of maintaining employment at a high level, but makes recommendations for attaining this objective that must be viewed with caution, particularly in the light of past debates on the subject in various international bodies. As in the past, the Canadian Delegation should support the main objective and any measures likely to promote it, while opposing specific remedies that are unsuited to the economic position of Canada or to Canadian Government policies in domestic and foreign affairs.

The agenda includes an item on the financing of development in underdeveloped countries. The Cabinet has already given general approval to Canadian participation in the U.N. programme of technical assistance for the economic development of such countries. However, the Experts' Report (referred to above) makes specific recommendations for changing the Constitution of the International Bank for Reconstruction and Development and the International Monetary Fund. Any resolution on these matters should be referred to Ottawa for instructions.

Social Questions

In the discussion of social questions, the Delegation, while supporting reasonable measures of international cooperation for the improvement of living standards, should discourage impractical proposals for ambitious welfare schemes.

If the report on UNICEF leads to a discussion of the future of that Organization, the Delegation could praise the excellent work accomplished by the Fund but

should carefully avoid giving the impression that the Canadian Government favours its indefinite continuation. Reference will probably be made to the report of the survey, recently undertaken by a special committee, of the continuing needs of children. Further information is required on this subject and no decisive action is likely to be recommended by ECOSOC until its 11th Session. In any preliminary discussion that may take place, the Delegation should take care not to make any statement which might be interpreted as committing the Canadian Government to support of definite proposals in the future.

Administrative and Miscellaneous Questions

In the discussion of the item concerning implementation of recommendations on economic and social matters, the Delegation should support any practical proposals which would simplify the system of reporting by member governments and the procedure for consideration of these reports by the Council. They should be guided, however, by the principle that reports from governments on the extent to which they have implemented United Nations resolutions and recommendations serve the dual purpose of making it possible to evaluate the usefulness of resolutions and of reducing the number of irresponsible resolutions.

In the general consideration of the work of functional agencies, the Delegation should support proposals for better coordination of the agencies provided that schemes for coordination do not permit those countries which are not members of the agencies to secure indirect influence over their activities.

As the Council Session proceeds, questions will arise in regard both to subjects mentioned in this memorandum and to others in the agenda concerning which the Delegation will require guidance. On such points the Delegation should communicate with Ottawa for further instruction.

340. DEA/5475-EA-40

Note du sous-secrétaire d'État suppléant aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Deputy Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], March 1, 1950

I think you might be interested in looking at the attached memorandum, prepared by Mr. Chance, about the recent meeting of the Ad Hoc Committee on Statelessness and Related Problems, over which Mr. Chance presided at Lake Success. This memorandum is not a report on the meetings of the Committee but rather a note on the great difference in attitude which Mr. Chance observed between those countries which are close to the refugee problem e.g. France, Belgium, Denmark and the United Kingdom, and those countries which like ourselves are separated from it by oceans. Mr. Chance thought that the attitude of the European countries, as he observed it during the meeting of the Committee, was more liberal and humane and generous than our own.

I suggest that you might like to send copies of this brief memorandum both to the Minister of Citizenship and Immigration and to the Acting Minister of Labour.[72]

E. R[EID]

[PIÈCE JOINTE/ENCLOSURE]

Note du chef de la Direction des affaires consulaires pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Consular Division, to Under-Secretary of State for External Affairs

[Ottawa], February 22, 1950

In accordance with the instructions contained in your letter of January 14, 1950, I went to Lake Success to attend, as Canadian representative, the meetings of the "Ad Hoc Committee on Statelessness and Related Problems" set up under the resolution of the Economic and Social Council.

2. As I have already reported in a previous communication,† I found myself to be already the choice of the Committee for its Chairman before the Committee had in fact sat. I protested my inability to remain throughout the full session of the Committee, but felt that it would be almost churlish to refuse to take the chair when, in fact, the choices were very limited. In the event I remained as Chairman until all the work of the Committee was done.

3. The Committee began its work on Tuesday, January 17, and finished on Thursday, February 16. I spent the following day with the Secretariat, reviewing and putting the finishing touches to the Report.

4. During this time, and in circumstances which could scarcely be more unsuitable for such a task, the Committee produced (a) a draft convention on the status of refugees; (b) a draft protocol to the convention, which at discretion of governments would enable them to apply certain specified articles of the convention to stateless persons who are not refugees; (c) a draft resolution for the Economic and Social Council dealing with the question of the elimination of statelessness.

5. Unless you instruct me to the contrary, I do not propose to deal at length with the work of the Committee by separate report for departmental use. The report of the Committee will be in the hands of governments in the course of the next ten days. It is complete and self-explanatory. I think it preferable to allow the work of the Committee and, ipso facto, my own, to stand (or fall) by the report.

6. There is, however, one aspect of the work of the Committee to which I think attention might be directed. I was struck throughout by the great difference in attitude between those countries who are close to the refugee problem — France, Belgium, Denmark, the United Kingdom — and those countries, who like our-

[72] Note marginale:/Marginal note:
Yes L.B. P[earson]

selves, are separated from it by oceans. The attitude of the European countries is more liberal, humane and generous than our own. The French, in particular, took a very high line indeed and have translated this idealism into practical action. This is true, in varying degree, of Belgium, Denmark and the United Kingdom. What might be called the trans-Atlantic attitude is exemplified by the United States. The young representative of the State Department, Mr. Louis Henkin, was exceedingly competent and helpful throughout the work of the Committee. At the conclusion, however, he found himself under instructions to make, presumably for the benefit of some Senators, a statement to the effect that there were no refugees in the United States of America, and that if all countries were like the United States, there would of course be no need for a convention such as this. They had taken part in the discussions merely to show their willingness to assist and co-operate in U.N. activities, but they reserved their position with regard to the convention as a whole. This rather self-righteous and unnecessary statement had an exceedingly irritating effect upon the Committee in general. Members did not hesitate to point out to me informally that this sort of thing was objectionable to them, that we on this side of the Atlantic only admitted those refugees whom we were prepared to accept, and that there was little or no humanitarianism in our attitude to the problem. I am bound to say that, in my opinion, there is some justification for this feeling.

7. I mention this aspect of the matter because we are confronted with the I.R.O. hard core problem and the disappearance soon from the scene of the I.R.O. machinery. It may be difficult from the point of view of sheer practical politics to take a more liberal view than has been taken up to the present, but one could not be associated with the members of this Committee for a period of five weeks without feeling some sympathy for their view that we might be a little more liberal and generous in this matter.

8. I was assisted as Canadian representative on the Committee for three weeks by Mr. Ross Winter of the Department of Citizenship and Immigration. He was, during his stay, exceedingly helpful. Apart from having a good knowledge of the problems involved, Mr. Winter is a man of liberal education. He possesses considerable social gifts, which enabled him to be a valuable assistant to the Chairman in the reconciliation of differing points of view.

L[ESLIE] C[HANCE]

341.

DEA/5475-DS-2-40

Extrait du compte rendu de la Délégation canadienne à la dixième session du Conseil économique et social, Lake Success, le 7 février au 6 mars 1950

Extract from Report of the Canadian Delegation to the Tenth Session of the Economic and Social Council, Lake Success, February 7 to March 6, 1950

CONFIDENTIAL

Ottawa, [n.d.]

. . .

GENERAL REVIEW OF THE TENTH SESSION

The 10th Session of the Economic and Social Council was the shortest session to date. There were certain special reasons for this situation, primarily of course, the absence of the Soviet and satellite representatives. An important reason, however, which ought not to be forgotten is that the agenda was slight. There was in the first place a lengthy enough provisional agenda, but it contained few matters on which crucial decisions of policy or organization were involved. The agenda, and therefore the length of the session, were reduced to some extent by the bold work of the Agenda Committee, which made more than its usual number of decisive recommendations. The deferment to the 12th Session, for instance, of the inchoate proposal for a study of world oil resources forestalled what could have been a difficult debate leading to useless or risky conclusions. Certain other items which normally would have taken up a great deal of the Council's time were also deferred until later sessions or referred to other bodies for action. These included 'The Problems of Economic Development and Social Progress of the former Italian Colonies,' 'International Reduction of Working Hours' and 'Abolition of Discriminatory Measures of an Economic and Social Character from which Workers Suffer on Grounds of Race and Colour.' Unfortunately the Council's work for 1950 has not been evenly divided between the 10th and 11th sessions. This unbalance can be attributed almost entirely to bad luck rather than to bad planning. It so happened that important subjects such as Full Employment and the Technical Assistance Program had reached stages in which nothing much could be done by the Council until other important decisions had been reached elsewhere. The report of the Committee of Experts on Full Employment required further consideration by governments and the Technical Assistance Conference to be convened by the Secretary-General had not yet taken place. At the same time important organizational decisions such as the post-IRO care of refugees and the post-UNICEF care of children could not be taken until after these problems had been examined in detail in other bodies. As a result, the coming summer session of the Council at Geneva will be faced with an extremely heavy and exacting agenda which will require many more meetings even if the Soviet delegations are still absent.

2. The withdrawal of the Soviet, Polish, and Czechoslovak members at the beginning of the session had an interesting effect on the work of the Council. On the whole the Council increased its stature by the sane attitude displayed by members under the circumstances. There was never the slightest suggestion that the Council should do other than proceed with its business, however regrettable it might be that there was not a full complement of members. On the other hand, there was no disposition to exploit unduly the opportunity for passing resolutions or reaching decisions which might have been more difficult to secure with the Communist representatives present. It is true that the United Kingdom Delegation and others who supported the drastic removal of the right of non-governmental organizations to place items on the agenda argued privately that this was a heaven-sent opportunity to reach a decision which would be vigorously opposed by the Soviet Union. They had, however, determined upon this policy before it became clear that the Communists would be absent, and they merely used their absence as an additional argument to secure support. It is probably true that one of the reasons for the adoption

of a less drastic type of proposal along the lines suggested informally by the Canadian Delegation was the belief that the Council ought not to give the Slav representatives the opportunity of charging us with cowardice in taking advantage of their absence. However, the fundamental reason which prompted most delegations to support a compromise was that the time was not yet ripe, on the basis of past experience, for the Council to withdraw outright the agenda privilege simply because it had been abused by a small number of NGO's and in particular by the WFTU.

3. Representatives at various times, it is true, attacked the attitude of the Soviet Government, or rather of international Stalinism, and there were occasional ironic references to the absence of these representatives. Whatever criticism there was of the policy of the Soviet Union — and some of it was very vigorous — was provoked for the most part by the statements of the representatives of the World Federation of Trade Unions. If the representatives of the WFTU had followed their masters out of the Council rather than remain behind to act as their mouth-piece, it is possible that the views of the Soviet Government would have been almost entirely ignored during the Council. This situation on the whole would have been better for the Soviet Union, as the WFTU contributions seemed even more preposterous than usual before a Council which was notable for the restraint, tolerance, and compromise which characterized its discussions.

4. The absence of the "opposition" did, of course, lay the Council open to the criticism that its session was "unreal"; that it had achieved something in the nature of harmony only by isolation from the major problem of our times. This impression of unreality was perhaps heightened by the performance of Dr. Chang, the Chinese Representative, whose windy rhetoric seemed peculiarly inappropriate to the position of his government. In answer to this charge of unreality, it can honestly be said that the Council accomplished with more despatch quite as much as, and probably more than, it would have accomplished with the Soviet delegations present.

5. In spite of the absence of the usual "opposition", the Council was by no means without division of opinion. Perhaps the most recognizable division of opinion was between the well-developed and the underdeveloped countries. There was no doubt that India was the spokesman of the underdeveloped countries, supported usually, but not always, by Pakistan (which occasionally attempted to seize the initiative, but as a new member of the Council found it not very easy to compete with so experienced a representative as Sir Ramaswami Mudaliar).[73] Support for what might be called the underdeveloped viewpoints came also from Mexico, Chile, Brazil, China and Iran, on occasions. The divergence, however, between the well-developed and the underdeveloped was by no means so sharp as might have been anticipated, and there were in fact so few clear-cut votes on this subject that one could not definitely divide the members into two parties. The most notable statement of the views of the underdeveloped countries was Sir Ramaswami's remarkably moving address on the work of the Bank and Fund. On the other hand, the most useful speech was probably that made by the Representative of Pakistan in the discussion of the financing of economic development. The noteworthy quality of his

[73] Sir A. Ramaswami Mudaliar (Inde), premier vice-président du Conseil économique et social.
Sir A. Ramaswami Mudaliar (India), First Vice-President of the Economic and Social Council.

speech was that it was a constructive analysis of the needs of Pakistan and the efforts taken by the Government of Pakistan to make the best use of technical assistance. This speech, which opened the discussion on the subject, set the tone for the debate on which the principal clash of opinions might have been expected. In fact, perhaps the sharpest clash between these two groups was on what was expected to be a minor item, the proposal of the World Federation of United Nations Associations for an economic survey of Africa. The Indian Delegation, supported less energetically by several others was prepared to accept a modest proposal, but not a decision which shelved the issue without recognizing that some attention must be paid to the needs of this large continent of non-Europeans. Even on this issue, however, the spirit of compromise which characterized Council meetings was evident. The French, Belgians and British, who were particularly worried as to what might be done in Africa, spend some days trying behind the scenes to reach a compromise agreement with the Indians and probably would have done so if instructions to stand firm had not come from Delhi.

6. The differences between the well-developed and the underdeveloped countries might have been accentuated by the fact that the Communist states were not present to force all other nations into unity. In fact, however, it was the absence of the Communists which set a reasonable tone in the Council that softened tempers and blunted the edges of controversy. The Communist spokesmen of the WFTU failed to provoke friction among the members of the Council. It was the representatives of India and Chile, not the United States, who made the most blistering attacks on the WFTU, the latter having been sufficiently inept to submit during the conference a series of further charges of violation of the rights of working men, directed particularly against the governments of the underdeveloped countries themselves.

7. Perhaps the most useful work of the 10th Session was in clarifying certain aspects of its structure on the basis of the first four years' experience. The Council took steps with regard to the implementation of recommendations on economic and social matters which should lead to more effective and more willing cooperation on the part of member governments. At the same time, it took steps to rectify the initial error of according too wide privileges to the non-governmental organizations. This improvement might be expected not only to assist the work of the Council by allowing it to concentrate on important matters but also to lead the NGO's themselves to make a more helpful contribution. Feeling against the NGO's (and by no means solely against the WFTU) was strong at the beginning of the session. The A.F. of L. and the WFUNA had not strengthened their positions by placing on the provisional agenda items which seemed irrelevant or inappropriate, and it cannot be said that the representative of the A.F. of L. gained much credit by delivering a speech highly propagandistic in tone on forced labour which was immediately countered by the WFTU in similar terms. (There was some reason to accuse the Chairman of discrimination in that he allowed Miss Sender[74] to use abusive language while he continually called to order the WFTU spokesman for similar misdemeanours). The WFUNA representative did retrieve his position somewhat by

[74] Toni Sender, représentante de l'American Federation of Labour.
Toni Sender, Representative of the American Federation of Labour.

making a reasonable case for the economic survey of Africa proposed by his organization. There was not a very large representation of NGO's at the Council and few of them spoke in the Council itself. There is good reason to hope that the critical comments made in the Council; the threat, which almost succeeded, to remove entirely the privilege of placing items on the agenda; as well as the considerable tightening up of the process which was actually approved; will give the NGO's, or at least those leaders responsible for their policy towards the United Nations, cause for sober thought.

8. One minor matter with respect to the organizational structure of ECOSOC might be mentioned. The 10th Session was for the most part confined to plenary sessions. There were thirty of these. The Social Committee met only eight times and the Economic Committee twice. The Coordinating Committee did not meet at all, as matters which might otherwise have been dealt with by that body were disposed of in plenary. On the particular insistence of the United States representative, it was made clear that the organization of this session was not intended to set a precedent. The Coordinating Committee will almost certainly be reestablished at the Geneva Session in the summer, and it is probable that at that time the Economic and Social Committees will be considerably more active than they were at the 10th Session.

9. Mr. Santa Cruz as Chairman showed the results of his long experience. He was decisive and affable, and his rulings were on the whole responsible. Sir Ramaswami Mudaliar had little opportunity to sit in the Chair, as the Economic Committee met very seldom, but on those few occasions he showed his usual mastery. M. Dehousse spent only slightly more time in the chair and in spite of a few errors of judgment when speaking as the Belgian representative, he showed signs of being a fairly effective Chairman for the 11th Session.

10. Under the guidance of the Chairman the Council was never pressed very hard. There were neither night sessions nor Saturday morning sessions, and regular sessions were on a few occasions shortened or called off for questionable reasons. The Chairman did not hide the fact in private conversation that he wanted the session to last a month. He and some other members of the Council were nervous after the first few days lest the session end in such a short time that it might be charged that it had been able to accomplish nothing in the absence of the Eastern European representatives. He was anxious on the other hand that it should be briefer than usual, in order to prove that the Council could work more effectively if it were not for the obstructive tactics of the Communists. The wisdom of deliberately prolonging the Council was questioned by the Canadian Delegation. If the Chairman's determination to end the Council almost exactly four weeks from the day it began had led to an undue prolongation, the prestige of the Council might well have suffered. In fact, however, the length of the session could probably not have been reduced by more than a week if the Council had worked throughout at a normal pace, and no real damage was done. The leisurely pace at which the Council pursued its activities was not, in any case, entirely due to the delaying tactics of the Chairman. A contributing factor of equal if not greater significance was to be found in the arrangements made for the reproduction and distribution of documents. The documentation section of the Secretariat had been geared to a certain speed which

did not prove adequate to the increased tempo at which the Council at its tenth session disposed of the various items on the agenda. Even if the Chairman had not deliberately prolonged the session, the Council would frequently have been obliged to adjourn for want of documents relating to the next item.

11. In spite of the absence of important or startling achievements at the tenth session, the Council was able by its business-like methods and its increasing maturity, to give reasonable grounds for hope that it is developing into the Board of Directors it was intended to be. For instance, important decisions were taken concerning the machinery to be used by the United Nations for investigating alleged infringements of trade union rights. General endorsement was also given to the programme of work recommended by its Social Commission. The despatch with which this item was treated by the Council did not mean that it was not important. On the contrary, the Council approved the continuance of the very important work undertaken by the Social Commission in fields where the United Nations has already demonstrated its ability to be useful and constructive. These include 'prevention of crime', 'rehabilitation of delinquents', 'child and youth welfare', 'advisory social welfare services' and the 'rehabilitation of the disabled'. The whole economic and social machine is beginning to work. The earlier days of experiment and initiation are passing into a phase when the Council and the bodies for which it is responsible are slowly getting down to business.

12. The Council is in fact entering upon a critical period which will determine the role it is to play in the international economic and social field. Whether it will emerge as an international instrument for the solution of the world's economic and social problems, as well as a coordinating agency, a board of directors and a forum for exchange of views will depend in large measure on the manner in which it faces up to its responsibilities in the next year or two. If it is to be effective in the broad field of the promotion of conditions favourable to economic progress and higher standards of living, it must not be allowed to mark time or to fall into lethargy. In the final analysis, the success or failure of the Council in attaining its major objectives will be governed by the extent to which national governments are prepared to carry out its recommendations and proposals.

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SECTION B

ONZIÈME SESSION, LE 3 JUILLET AU 16 AOÛT 1950
ELEVENTH SESSION, JULY 3 TO AUGUST 16, 1950

342. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 159-50 Ottawa, June 9, 1950

COMPOSITION OF THE CANADIAN DELEGATION TO THE ELEVENTH SESSION OF THE ECONOMIC AND SOCIAL COUNCIL, GENEVA, JULY 3 TO AUGUST 16, 1950

It seems likely that the eleventh session of the Economic and Social Council will be of more than usual importance.

2. The Council has passed through the organizational phase and the pattern of its continuing activities is beginning to emerge. The coming session offers a good opportunity for the Canadian Delegation to take stock of the value of the Council's work in the international economic and social field with a view to determining the role which Canada should play in its activities during the remainder of the Canadian term of membership.

3. The agenda for the eleventh session contains several important items which have already been given preliminary consideration and on which definite decisions will probably be taken.

4. The absence of the Cominform representatives should make it possible for the Council to do more productive work than in normal circumstances, when propaganda debates divert the energies of the Western members away from the fundamental purposes for which the Council was established.

5. The attached memorandum attempts to assess in some detail the importance of the eleventh session. It was prepared in the Department of External Affairs and has been discussed with officials of the Departments of Finance, Trade and Commerce, National Health and Welfare and the Bank of Canada, who are in general agreement with the views it contains.

6. A decision is now required on the composition of the Canadian Delegation to the eleventh session of the Council. *It is recommended* that the Delegation be headed by a Cabinet Minister and that it include two senior alternates, one on economic questions and one on social questions.[75]

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[75] Le 12 juin 1950, le Cabinet a nommé le ministre des Travaux publics, Alphonse Fournier, chef de la délégation.
Cabinet appointed Alphonse Fournier, Minister of Public Works, Head of Delegation on June 12, 1950.

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

CONFIDENTIAL [Ottawa], May 26, 1950

ASSESSMENT OF THE IMPORTANCE OF THE ELEVENTH SESSION
OF THE ECONOMIC AND SOCIAL COUNCIL
GENEVA, JULY 3 TO AUGUST 16, 1950

There are several reasons why the eleventh session of ECOSOC is of particular importance. Some of these reasons are of a general nature and relate to the past record of the Council, its proper role in the field of international economic and social activities, and Canada's future relationship with it. Other reasons, some of which are linked with these general considerations, are based on specific issues which will be debated at the coming session.

2. The Council has now reached the stage in its development where a serious and objective assessment should be made by us of its achievements and its future usefulness. Such an analysis could not, and indeed should not, have been undertaken by us up to the present. During our first term of membership (1946-48), the Council was preoccupied with the task of working out its organizational and procedural problems and its co-ordinating machinery. We did not belong to the Council in 1949. The tenth session (February-March, 1950) could hardly be used as a basis for judgment of the value of the organization since most of the items dealt with concerned matters of a continuing nature on which a sort of progress report was all that could be expected, while the larger issues received only preliminary consideration because further preparatory work was required before definite conclusions could be reached.

3. A review of the first ten sessions shows that the Council has achieved a certain measure of success in co-ordinating the activities of the specialized agencies, has initiated a number of worthwhile studies and has provided a useful forum for exchange of views. However, its slim record of practical results raises some misgivings as to its usefulness as an effective international instrument for assisting in the solution of the world's economic and social problems, the task with which it is charged by the United Nations Charter.

4. While the tenth session made little progress in dealing with the important issues before it, the Council could adduce in each case a reasonable excuse for marking time. The Technical Assistance Conference[76] had not been held and there was not much the Council could do in developing the technical assistance programme in the meantime. The Experts Report on full employment had not been circulated in time to allow governments to give it detailed study and the Council could legitimately decide to defer final action until the eleventh session. The decision to refer the issue of the financing of economic development to a sub-commission of the Economic and Employment Commission was perhaps less justifiable,

[76] Voir le document 366./See Document 366.

but the manoeuvre succeeded in postponing action. These delaying tactics, however, cannot continue indefinitely without resulting in serious loss of prestige and at the eleventh session the Council will find it very difficult to avoid taking some definite action.

5. The Technical Assistance Committee will meet in Geneva concurrently with the Council for approximately the first fortnight of the session. The membership of the T.A.C. is identical with that of ECOSOC. The expanded programme of technical assistance is the most important, perhaps the only worthwhile accomplishment of the Council in the economic field to date. If it works in practice, it will of itself justify the existence of ECOSOC. But it has not yet gone beyond the blueprint stage. The first meeting of the T.A.C. will, to a large extent, determine the successful implementation of the programme at least in its initial period. It is therefore extremely important that sound precedents be established at this meeting and that everything possible be done by the responsible members of the Council to discourage impractical, over-ambitious development schemes and to ensure efficient and economical administration. We have in the T.A.C. the opportunity as well as the responsibility of scrutinizing specific projects and requests, helping to ensure efficient co-ordination and in general throwing our weight on the side of a sound, sensible programme.

6. Full employment has already been discussed exhaustively in the Council. At the tenth session, the Council passed a resolution, specifically charging its members to be prepared at the eleventh session to give their views on the particular recommendations of the experts and to offer any alternative proposals they might have. It will therefore be difficult for the Canadian delegation to avoid taking a position on each specific measure, national or international, recommended by the experts, and on any alternative proposals put forward by other governments. It may also be desirable for the Canadian delegation to put forward alternative proposals of its own in order to avoid criticism at home for following an unconstructive, negative line on a question of vital importance to Canadians.

7. Some sort of resolution or recommendation on full employment is almost certain to emerge from this session. Such a resolution could be embarrassing to the Canadian Government. The whole question of employment in Canada has important political implications and our participation in the Council debate and decision will require expert knowledge and skilful handling.

8. The item on methods of financing economic development will be considered in the light of the report prepared by the sub-commission on economic development. The report is not yet available, but we can be certain that, regardless of the content of this document, the under-developed countries will press for some means of obtaining substantial investment capital. They maintain that the technical assistance programme will be sterile if capital is not available for the economic development which would follow technical assistance. They may be expected to urge revision of the articles of agreement of the International Bank. The real significance of the debate on financing of economic development will perhaps be political rather than economic. It is unlikely that the Council will recommend revision of the Bank's articles of agreement or any other specific measures to increase the flow of

capital to under-developed countries. (This prediction assumes that the sub-commission's report will not contain acceptable proposals.) On the other hand, it is important not to strengthen the impression which already exists among the under-developed countries that their efforts to improve their economic conditions are meeting with an unsympathetic response from capitalist countries. While the Cominform representatives sat in the Council, the other members tended to form a common front. This external unifying influence having been removed for the time being, the line between the developed and under-developed countries is becoming more clearly defined. It would be unfortunate if this tendency were to develop and an issue such as the financing of economic development where there is considerable conflict of interests will have to be handled very carefully.

9. Another important item which has been put off until the eleventh session is the establishment of permanent machinery within the United Nations for assistance to under-privileged children. The Social Commission has worked out a plan which it proposes that ECOSOC should recommend to the Assembly. The Council will therefore have to take a decision on this matter and we can expect a wide difference of opinion on what the United Nations should do for children. The financial implications of this decision may be large.

10. One of the items which will probably involve considerable work and which could lead to important results is the proliferation and over-lapping of the programmes of the specialized agencies and the United Nations. The General Assembly has charged the Council with the task of reviewing the catalogue of economic and social projects of the agencies and the United Nations and of recommending categories of priorities. While it is undoubtedly true that more efficient co-ordination is essential to avoid unnecessary duplication of the activities of various United Nations organs, the problem is a complex one and its solution will not be advanced by the adoption by ECOSOC of over-simplified proposals. We have received an unofficial report that the Brazilians may propose amalgamating the budgets of the United Nations and all the specialized agencies and doling out funds from the common budget for approved programmes. Any proposal along these lines would, of course, meet with strong opposition from many quarters.

11. The draft Covenant on Human Rights is also to be considered at the eleventh session and the Council has been requested by the Commission to submit the Covenant to the Assembly at its fifth session. Whether or not the Council undertakes a detailed textual study of the draft, it must take decisions on the submission of the Covenant to the Assembly, the drafting of a federal-state clause and a colonial application clause, the inclusion or omission of economic and social rights and the submission to the Assembly of a recommendation made by the Commission for a separate convention on freedom of information.

12. On all of these larger issues, the Canadian delegation should be in a position to make a positive, constructive contribution. Our acceptance of membership in the Council carries responsibilities which we should do our best to fulfil. With a strong delegation composed of members who understand the issues thoroughly, who can speak authoritatively, and who can cooperate effectively with the United Kingdom, United States and other sensible delegations, we may be able to exert a healthy

influence on the more impractical and visionary members of the Council. Moreover, if it is agreed that we should at the close of this session take stock of the Council and its work, with particular reference to the role which Canada should play in it during the remainder of its three-year term of membership, it is important that the evaluation be made by senior officials familiar with all the issues and principles involved in such an assessment, whose judgment will be sound, objective and based on wide knowledge.

13. A logical approach to the task of evaluation would be to review the Canadian attitude toward the Council when it was first established and to determine how far that attitude should be modified in the light of the first five years' experience. The following excerpts from a statement made by the Honourable Paul Martin before the Economic and Social Council on January 29, 1946, indicate the line which the Government took at that time toward the functions and aims of the Council:

> "... there are few tasks concerning the United Nations of more vital importance than those to be undertaken by this Council. We represent, one might say, the positive side of the work of the Organization. Our task is not so much to prevent as to do, not so much to avoid the undesirable as to accomplish the good."
>
> "The Charter assigns two types of functions to the Economic and Social Council: the function of recommendation, including study, and the function of co-ordination. The Council is not an executive agency in the ordinary sense of the word. The actions taken to accomplish the high purposes set out in article 55 of the Charter ... are actions which will be taken by national governments and by those specialized agencies which have executive functions."
>
> "More positively, it will be our task to see that through our commissions and committees the best in modern knowledge and modern science is made available to all parts of the world. It will be our task to see that help, in the way of expert knowledge and advice, is provided to all Members of the Organization who wish to have it, and those great tasks which can only be undertaken by co-operative action among nations are effectively initiated and effectively carried through."
>
> "On the other hand, it does seem to us of basic importance that the United Nations and the Economic and Social Council should hold the position of the central body in the whole constellation of inter-governmental institutions concerned with economic and social problems. We feel that the task of co-ordination is extremely important."

343. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 171-50 [Ottawa, n.d.]

CONFIDENTIAL

GENERAL INSTRUCTIONS TO THE CANADIAN DELEGATION TO THE ELEVENTH SESSION OF ECOSOC GENEVA, JULY 3 TO AUGUST 16

GENERAL

1. The eleventh session of ECOSOC provides an opportunity to assess the value of the work being done in the international economic and social field by this organ of the United Nations, the functions which it can most usefully fulfil in the future and the role which Canada should play in its development. During the last four years, the Council has worked out its organizational and procedural arrangements and its co-ordinating machinery, has initiated various studies and has engaged in many debates on economic and social subjects of universal significance. The time has now come to take stock of these various activities and to decide which of them are effective, which can be improved and which are clearly unprofitable, at least in the immediate future.

2. The importance of ECOSOC as a central co-ordinating body for all the activities of the United Nations and the specialized agencies in the economic and social field was stressed by Canada at the very inception of the Council. Considerable progress has been made in this direction and the delegation should encourage the trend towards efficient co-ordination without losing sight of the necessity of preserving the semi-autonomous character of the specialized agencies.

3. While the Council's general discussions on broad problems have served a useful purpose in providing a forum for exchange of views and in promoting several worthwhile studies and reports, the delegation should discourage the tendency to continue these discussions beyond the point where they are profitable. It must be recognized, as was emphasized by the Canadian delegate to the first session of ECOSOC, that the Council is not an executive agency and that the actions taken to accomplish the aims set forth in article 55 of the Charter of the United Nations will, in the final analysis, have to be taken by national governments and by those specialized agencies which have executive functions.

4. At the tenth session of the Council, the proceedings were deliberately slowed down by the Chairman in order that the meeting might last the customary length of time. The Chairman apparently considered that the prestige of the Council would be lowered by an unusually short session. The agenda for the eleventh session is a heavy one and it may not be possible to complete it in less than the scheduled six

weeks. Any attempt, however, to draw out the session longer than is strictly necessary to accomplish its duties efficiently should be vigorously resisted by the Canadian delegation. The Communist members will probably not be present at this session of the Council. The opportunity should be taken to show that the Council is capable of carrying on its business efficiently and expeditiously when it is not hampered by the futile and time-consuming propaganda debates provoked by the Communist representatives.

ECONOMIC QUESTIONS

Technical Assistance for Economic Development

5. The Technical Assistance Committee will meet in Geneva concurrently with ECOSOC. The Committee will have the responsibility of scrutinizing the projects for technical assistance submitted by the under-developed countries and for recommending approved projects to the Council. It is extremely important that at this first meeting of the T.A.C., sound precedents be established and everything possible be done by the responsible members of the Council to discourage impractical, over-ambitious development schemes and to ensure efficient and economical administration. The Canadian delegation should be guided by these basic considerations in judging the merits of specific requests for technical assistance.

Financing of Economic Development

6. Representatives of the under-developed countries may be expected to press at the eleventh session, as they have done in the past, for measures to be taken by the International Bank and by capital exporting countries to facilitate the flow of investment capital for the economic development of their areas. A special study on methods of financing economic development has been undertaken by the sub-commission on economic development and its report will form the basis for discussion in the Council. The sub-commission has drafted several resolutions for the approval of ECOSOC, most of which recommend measures which might be taken to increase domestic capital for investment purposes. The resolutions are generally unobjectionable and, except for a few reservations, can be accepted by the Delegation. The Delegation might suggest that the Expanded Programme of Technical Assistance could contribute to the encouragement of domestic and foreign capital investment by helping the under-developed countries to develop adequate financial institutions and sound fiscal policies.

Full Employment

7. The Experts Report on national and international measures for full employment will form the basis for discussion of this item in the Council. The Experts Report has been carefully studied by the government departments concerned and a detailed memorandum has been prepared for inclusion in the commentary for the guidance of the Delegation. The recommendations of the Experts in both the national and international fields are based upon the adoption of rigid standards and the automatic application of specific measures agreed upon in advance. The Canadian Government considers that the maintenance of full employment is much too complex a problem to be solved by the universal acceptance of a rigid set of standards and controls, and believes that this problem can only be met by a series of

judgments to determine the appropriate measures to be taken in the prevailing circumstances at any particular time.

8. In order to avoid giving the impression that the Canadian Government is taking a negative attitude towards methods to promote full employment, the Delegation should stress the active concern of the government with the maintenance of a high level of employment in Canada and to that end should outline the measures carried out or provided for to deal with employment problems in Canada.

9. The Delegation should also draw the attention of the Council to the ILO report on "Action Against Unemployment" and express general approval of this study. The ILO report presents several recommended courses of action for dealing with problems of unemployment, and national governments may well find some of the conclusions in the ILO report applicable to their own situation.

SOCIAL QUESTIONS

10. In the social aspects of its work, ECOSOC has achieved a considerable measure of success. There appears to be a growing tendency, however, on the part of certain members of the Council to expect the U.N. to assume responsibility for extensive welfare schemes which are well beyond a reasonable estimate of the budgetary resources of the U.N. Therefore, while the Canadian delegation should encourage and support sound workable projects for the improvement of social conditions throughout the world and should make clear the concern of the Canadian Government and people for the welfare of less fortunate populations, every effort should be made to discourage unrealistic, extravagant schemes which cannot be carried out and which only add to the distress of the under-privileged by raising false hopes.

Long-range Activities for Children

11. On April 27 the Cabinet approved the principles contained in the Secretary-General's recommendations for permanent machinery within the U.N. to carry out long-range activities for children. The delegation should make every effort to ensure that the plan approved by the Council is in conformity with the principles set forth in the Secretary-General's recommendations.

Draft Covenant on Human Rights

12. The Commission on Human Rights has completed a draft text of an international covenant on human rights which has been submitted to the Council for its consideration. A separate memorandum† is being submitted to Cabinet on this matter.

MISCELLANEOUS QUESTIONS

Election to the Functional Commissions

13. At the eleventh session, the Council will elect one-third of the membership of eight functional commissions. Countries are elected as nominating states and the persons they designate to serve on the commissions act in their capacity as individual experts and not as official representatives of their governments. The decision on particular nominating states to be supported in the elections is best left to the delegation to take on the spot in consultation with other delegations.

14. The delegation should resist any attempt to use the withdrawal of the Cominform states from the Council and its subsidiary bodies as an excuse for not electing these countries, as nominating states, to the functional commissions since it must be assumed that the absence of the Cominform members of the U.N. is temporary. The delegation should therefore be guided by the general principle of adequate geographical representation and should vote for a reasonable proportion of Slavic countries on the functional commissions.

15. Canada is now a member of four functional commissions, but on one of these, the Social Commission, its term expires at the end of 1950. The delegation should not seek Canada's election to any particular commission, but if inquiries are made, it could say that Canada would be glad to accept re-election to the Social Commission and election to the Statistical Commission, Canada would prefer not to be elected to other commissions.

The Sub-commissions of the Economic and Employment Commission

16. The Economic and Employment Commission at its fourth session recommended the abolition of its two sub-commissions. The Council considered the Commission's recommendation at its ninth session, but postponed a decision until the eleventh session. The Canadian position is that these sub-commissions have not accomplished any worthwhile results and their continued existence is unjustified. The delegation should therefore strongly support the move to abolish them.[77]

A.D.P. HEENEY
for Secretary of State
for External Affairs

344. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 182-50 Ottawa, July 18, 1950

RESTRICTED

1. *Purpose*

The Economic and Social Council now sitting at Geneva is about to undertake two related matters concerning refugees:

(a) Consideration of the Report of the Ad Hoc Committee on Statelessness and Related Problems

(b) The drafting of a Resolution of the General Assembly outlining the scope of the activities of the United Nations High Commissioner for Refugees.

[77] Approuvé par le Cabinet, le 21 juin 1950./Approved by Cabinet, June 21, 1950.

No definitive action committing Canada will be taken by ECOSOC but it is desirable to give general guidance to the Canadian Delegation. This paper makes recommendations to that end.

2. *Discussion*

(a) The Ad Hoc Committee incorporated in its Report a draft Convention on refugees and a proposed protocol on stateless persons. The distinction is explained by the fact that while most refugees are stateless there are many stateless persons who are not refugees. The draft Convention is the more important of the two documents. It confers *no material assistance benefits*; it seeks only to set out a charter of minimum decencies which contracting states would accord to refugees within their borders. Its text and that of the protocol have been submitted to interested Departments of Government. With the exception of a few minor observations no objection has been raised.

(b) In the discussion which will arise in ECOSOC on both points referred to at para. 1 above, there is likely to be one essential difference of opinion, namely, the definition of the term "refugee". Both with regard to the draft Convention and the activities of the High Commissioner the United States have pressed for a definition based on categories of known refugees, leaving to the General Assembly to add other classes as may be necessary from time to time. The United Kingdom and France have led the case for a wider and more general definition. They are reported to have agreed upon a formula along the following lines:

> "A person who is outside his country of nationality or previous habitual residence who is unable or unwilling owing to fear of persecution to avail himself of the protection of the authorities of that country and who has not yet acquired a new nationality."

Since, as stated, the draft Convention confers no material assistance benefits and as it is proposed that the High Commissioner should confine his activities to the protection of the legal and welfare interests of refugees, there is little reason to oppose the more general type of definition.

(c) Both in the application of the Convention and in the responsibilities of the High Commissioner it will be necessary to decide who will determine whether or not a particular individual is a refugee within whatever definition is finally agreed upon. The United States seem to prefer that the decision be made by the High Commissioner; the United Kingdom inclines to the view that the decision should rest with the contracting state in which the individual happens to be or to which he seeks entry. The latter proposal is considered to be the more acceptable to Canada.

(d) The draft Convention provides for travel documents to be issued to refugees. The proposed form provides that a contracting state will re-admit the bearer of such a document within a given period of months at the discretion of the issuing state. It has never been Canadian practice to *guarantee* re-admission to anyone not possessing the immigration status of "returning Canadian". But Canada already has a working agreement with the United States to readmit persons with the status of landed immigrants within twelve months. The proposal of the travel document, therefore, while it involves an administrative change does not constitute a precedent and without a re-admission provision such a document is of little value.

(e) The draft Convention would require contracting states not to expel a refugee lawfully in its territory "save on grounds of national security and public order". The law of Canada provides mandatory deportation on certain grounds. In fact, however, deportation is modified by (i) the country of origin may refuse to accept the proposed deportee (ii) the punishment might be out of proportion to the crime. The law is administered in the light of these considerations and the difficulties presented by this article of the Convention are more apparent than real.

(f) No Federal State article appears in the draft Convention. The omission is due solely to lack of final agreement upon a standard clause of this kind for all appropriate United Nations instruments.

(g) The Ad Hoc Committee recommended that ECOSOC "Consider the Report and comments thereon (from governments) and submit these along with its recommendations to a diplomatic conference which it would convene for the purpose of further review of the draft Convention and protocol and at which these would be open for signature." This seems to be the most reasonable and expeditious course. Governments would have full opportunity for consideration before final signature.

3. *Recommendations*

(a) That the Canadian Delegation to ECOSOC be authorized to support in general terms both the draft Convention and the protocol.

(b) That in discussion on the definition article of the Convention and in regard to the duties of the High Commissioner the Delegation support the broader definition set out at para. 2 (b) above. The Delegation, however, should use discretion in pressing for acceptance of such a formula lest acceptance of the Convention as a whole be jeopardized by disagreement on the definition.

(c) That the Delegation support the proposition at 2 (c) above that determination of the application of the definition of "refugee" be left to the contracting state in which the refugee happens to be or to which he seeks admission.

(d) That the Delegation support the recommendation of the Ad Hoc Committee regarding further action on the Convention and protocol with the added suggestion that it might be desirable to reassemble the Ad Hoc Committee or at least some of its members as a preliminary Commission immediately prior to the proposed diplomatic conference.[78]

[78] Approuvé par le Cabinet, le 19 juillet 1950. Pour une reprise de ce sujet, voir le document 328.
Approved by Cabinet, July 19, 1950. For subsequent discussion of this item, see Document 328.

345. DEA/S/262/1

Extrait du compte rendu de la Délégation canadienne à la onzième session du Conseil économique et social, Genève, le 2 juillet au 17 août 1950

Extract from Report of the Canadian Delegation to the Eleventh Session of the Economic and Social Council, Geneva, July 2 to August 17, 1950

CONFIDENTIAL Ottawa, [n.d.]

. . .

GENERAL SURVEY OF THE ELEVENTH SESSION OF ECOSOC

1. The 11th Session opened a few days after the Communist attack on the Republic of Korea. This situation raised for the first time the question of the desirability of implementing in some form Article 65 of the United Nations Charter, which deals with assistance to the Security Council upon its request and of otherwise providing for the mobilization of appropriate economic and social machinery of the United Nations and its Specialized Agencies both for assistance to the civilian population of Korea, and for bringing home to the people of the world an adequate understanding of and support for United Nations action regarding Korea. After much preliminary discussion at informal private meetings in Geneva, and after such consultation elsewhere, an appropriate resolution was passed by the Security Council on July 31, the last day before the return of the veto-wielding Soviet Representative to that Council; and the Economic and Social Council passed a carefully prepared resolution regarding Korea on August 14.

2. An important feature of the 11th Session of the Council was the fact that fundamental differences of opinion and interests between various democratic countries particularly revolving around such basic structural problems as the dollar gap were brought prominently into open debate. This development was facilitated by the absence of the representatives of the Soviet Union and the two satellite members of the Council who had boycotted the Session. Hardly any time, therefore, was spent on cold war propaganda charges and counter-charges. Indeed, with the exception of less than an hour spent in Plenary Session on Korea and perhaps two hours on Item 22 (Forced Labour), it would not be an exaggeration to say that cold war propaganda was virtually entirely absent from this Session. The Council was, therefore, a much more workmanlike body than it had been in previous years.

3. The debate which obtained most attention at this session of the Council was that on Item 3 (Full Employment). In 1949 the temporary recession in the United States caused a substantial curtailment in the exports of European countries to the United States market, and was an important factor leading to the devaluation of European currencies in September of that year. It was in that atmosphere of concern that the Council at its 9th Session in the summer of 1949, passed a resolution calling for a study, by independent experts, of national and international measures to achieve and maintain full employment. The Experts' Report was made available just before the session in January 1950 of the Economic and Employment Commis-

sion. The Commission considered the report and concluded that because of the wide implications of its bold and far-reaching recommendations, it should be given thorough and detailed study by Governments. The Economic and Social Council at its 10th Session in February-March 1950, agreed with the findings of its Economic and Employment Commission, and while giving preliminary consideration to the report, decided that Council action on the report should be deferred until the 11th Session, to give Member Governments sufficient time to study the report, and submit their comments and suggestions to the Secretary-General.

4. At this Session of the Council, Item 3 on Full Employment, and Item 6 on Financing of Economic Development were dealt with jointly through each stage of deliberations by the Council, its Economic Committee and "working" Sub-Committee. These two items formed the major part of the work of the Session in the economic field and the meetings of the Economic Committee were almost completely devoted to these subjects. Before the end of the Session, resolutions were hammered out which may prove of value in focussing attention on practicable lines of progress towards a solution of the problem of structural disequilibrium and the dollar gap and a minimising of the disturbing repercussions of fluctuations in international trade.

5. An important and very encouraging feature of the Council debates at this Session on the major economic items which are of obvious vital interest both to European nations and under-developed countries, was the high degree of responsibility, moderation and willingness to adjust shown on all sides. On this occasion, at least, the absence of the Soviet bloc and the examination of serious problems which could divide the democratic countries, led not to head-on collision and disunity, but to mutual accommodation and restraint which, if maintained, holds important promise for the future.

6. On the economic side, the Council gave a number of new tasks to the Economic Section of the Secretariat, and to the Economic and Employment Commission (in future to be known as the Economic, Employment and Development Commission), which will involve a substantial increase in United Nations machinery and responsibilities in the trade and balance of payments fields. The Canadian Delegation was particularly concerned, and on the whole successful, in an attempt to moderate the very extreme proposals in this field put forward by the United States and the United Kingdom, to avoid unnecessary duplication of the research machinery and functions of OEEC and other bodies, and in general to restrain what seemed to the Delegation an unrealistically over-ambitious rate of progress.

7. The mature and responsible attitude consistently shown by most of the delegations of under-developed countries with respect to the complex and important economic problems considered at this Session was unfortunately not always shown to an equal degree by those members of the same delegations who dealt with some of the social questions. An outstanding example of irresponsibility was the position taken by several delegations on the item dealing with long-range activities for children. The thinking of the under-developed countries on this proposed scheme was simple, clear and short-sighted: they were to be the beneficiaries of the Fund and they wanted as much as they could get from it. They, therefore, insisted upon an

impossibly ambitious programme which made sense only if enormous sums of money were to be made available. Yet the views of the Governments which had been substantial contributors to UNICEF (with the exception of the U.S.) were given [no] weight whatever by the potential recipients who seemed quite content to secure a majority vote against the wishes of a minority who alone could ensure the financing of a programme of assistance to children.

8. (As it developed, the ECOSOC resolution on aid to children was not considered by the General Assembly, which instead decided to continue UNICEF for a further three-year period).

9. One of the important functions given by the United Nations Charter to the Economic and Social Council is the co-ordination of the Specialized Agencies which operate on a functional basis throughout most of the non-Soviet parts of the world. The corresponding function for co-ordinating and supervising the three regional economic commissions thus far established, may become of great importance during the next few sessions. This may be of particular interest to Canada, in view of the current tendency toward a regional and inter-regional approach to certain important problems of international trade. This regional approach, particularly in the main primary commodities, could, if not watched, jeopardize the broader multilateral approach with which Canadian commercial interests have been so closely bound up. It is, of course, obvious that so long as a large dollar gap and consequent inconvertibility of most currencies remain, regional and inter-regional approaches which exclude hard currency areas are likely to be, at least to some extent, inevitable.

10. Regarding the co-ordination of Specialized Agencies, the Council has for some years played a part in co-ordination of functions. The co-ordination of policies of Specialized Agencies, which the Charter also foresees, gives rise to much more far-reaching difficulties. Membership in the United Nations is not coterminous with that of the Specialized Agencies. So long as the Soviet Union and its satellites are members of the United Nations with representation on ECOSOC, and are not members of most Specialized Agencies, the anomaly could become important. It would scarcely be tolerable if, for example, the Soviet bloc tried through the Council to influence in any important aspects the policy of broad international functional organizations in which they would not participate. It is partly for these reasons that the Council has hitherto gone very slowly in this matter. However, at its 11th Session the Council, its task made easier in this regard by the absence of Communist representatives, did make a number of general recommendations, particularly regarding criteria for international projects, which may in time prove the beginning of an important development towards rationalization.

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5e Partie/Part 5

OFFICE DE SECOURS ET DE TRAVAUX DES NATIONS UNIES POUR LES RÉFUGIÉS DE PALESTINE
UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES

346. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 161-50 [Ottawa], June 9, 1950

SECRET

CANADIAN CONTRIBUTION TO THE UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST

On December 8, 1949, the General Assembly of the United Nations approved the raising of a fund of $54,900,000 to finance the Agency mentioned above. This sum is to be raised through voluntary contributions from governments. Contributions are being requested for the eighteen-month period (January 1, 1950 - June 30, 1951) for which the Agency will operate.

2. General Kennedy,[79] the newly appointed Director of this Agency, has urgently requested "an early and generous contribution by the Canadian Government", for the funds of the Agency are now near exhaustion and the borrowing capacity of the Agency has reached its limits.

3. The refugee problem remains one of the most serious obstacles to peace and stability in the Near East. Some 940,000 displaced Arabs are unable to return to their homes in territory now controlled by Israel. The great majority are destitute. They constitute a heavy drain on the economic resources of the Arab States which, themselves, are in grave financial difficulties and cannot deal with the problem unaided. Israel, committed to receiving and absorbing a steady flow of Jewish immigrants, feels that it cannot, at this time take back large numbers of former Arab residents. While this problem continues the number of people who are susceptible to Soviet propaganda increases, both among the displaced Arabs and in the communities which shelter them. Reports from the Middle East reflect the growing influence of communist organizers among these displaced persons and in the communities disrupted by their arrival.

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[79] Le major-général Howard Kennedy (Canada), directeur de l'Office de secours et de travaux des Nations Unies pour les réfugiés de Palestine dans le Proche-Orient.
Major-General Howard Kennedy (Canada), Director of United Nations Relief and Works Agency for Palestine Refugees in the Near East.

4. The Middle East occupies a pivotal position in the strategic planning of both the Soviet Union and the Western powers. It is an area where international rivalry is acute and where the Soviet Union will use any psychological advantage to undermine the influence and the strength of the West. For these reasons, therefore, it is suggested that Canadian support be given to constructive international action which should enable the refugees to improve their lot by their own efforts.

5. To continue handling the refugee problem as it has been in the past (by providing direct relief alone) would perpetuate a dangerous situation.

6. The programme approved by the Assembly is intended to break the back of the refugee problem by providing paid employment for refugees in place of direct relief. The equivalent of approximately $33,700,000 will be required for both relief and works programmes for the period January 1 to December 31, 1950. From January 1, 1951 to June 30, 1951 the remainder, approximately $21,200,000 will be applied to works projects alone.

7. During the first period, it is expected that the majority of the refugees will gradually cease to draw direct relief and will be put to work. The cost of relief will be reduced and the Near Eastern countries may be able, without further United Nations assistance, to assume the remaining burden of direct relief by January 1, 1951.

8. At the same time, the works programme will add to the productive capacity of the countries where the refugees are located. In the process, some of the refugees will no doubt be absorbed permanently in their present environment. The programme therefore offers a means of reducing the number of refugees to a point where the problem can be solved through repatriation to Israel and permanent resettlement in the Arab countries.

9. Since August 1948, Canada has contributed supplies valued at $1,040,616 for the relief of refugees from the Palestine area. The United States has contributed $13,377,930.

10. On January 30, 1950, the President of the United States sent a message to Congress proposing that the United States contribute half of the required amount of $54,900,000 ($27,450,000). This sum has been authorized by both Houses of Congress and it is expected that it will be approved in the appropriations stage.

11. It is expected that the United Kingdom will contribute the equivalent of $9,000,000 although this sum will include an interest-free loan of one million pounds which has been made to the Hashemite Kingdom of the Jordan. France and the Arab States are expected to contribute the equivalents of $4,000,000 and $6,000,000 respectively.

12. There are many countries with closer and more immediate interests in the Middle East than Canada. Therefore Canada cannot be expected to contribute as much, even on a proportionate basis, as those countries. On the other hand, in view of Canada's general interest in the area, it is desirable to make a fair sized contribution. This is the more desirable if that contribution is spent on Canadian commodities that are readily available.

13. The following Canadian commodities are needed at once by the Relief and Works Agency: flour, butter (or margarine), handtools, pumps, steel piping and lumber. Most of these commodities are readily available in Canada and could be supplied to the Agency, so that the Canadian contribution could be spent in this country.

14. In the light of these consideration, it is recommended that:

(a) an initial contribution in Canadian dollars of $750,000 be authorized for the United Nations Relief and Works Agency for Palestine Refugees in the Near East;

(b) that the Director of the Relief and Works Agency be requested to consult with the appropriate Canadian authorities about the use of this sum and, for this purpose, to draw up a programme of purchases in Canada;

(c) that the Director of the Agency be informed that if the initial sum of $750,000 has been fully used up or earmarked for programmed purchases in Canada by December 31, 1950, and if he requires more funds, the Canadian Government would give sympathetic consideration to a request for a further sum of $750,000;

(d) that none of the moneys approved under (a) and (c) above be transferred into foreign currencies without the specific approval of the proper Canadian authorities.[80]

[L.B. PEARSON]

347. DEA/10170-C-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM 595 Ottawa, November 4, 1950

CONFIDENTIAL

CANADIAN CONTRIBUTION TO UNRWPR

Following for Riddell from Holmes, Begins: On September 12 General Kennedy wrote to Mr. Heeney from Beirut asking that the unspent portion of the Canadian contribution be made available to his Agency "in cash fully convertible into Near East currencies". We have been discussing this request with the Department of Finance and with General Kennedy when he was in Ottawa. There is unfortunately some ambiguity in the Cabinet instruction of last June on this subject as to whether the Agency was bound to spend all the Canadian contribution in purchasing Canadian supplies. Whereas we in this Department have argued that the Agency ought to try to place at least one more substantial order in Canada before asking for the conversion of the rest, the Department of Finance have tended to insist on full expenditure in Canada. They have been doubtful as to whether the Agency has tried

[80] Approuvé par le Cabinet, le 12 juin 1950./Approved by Cabinet, June 12, 1950.

seriously to make purchases in Canada. Our view on this matter is conditioned by a belief that the Agency has tried to buy what it could in this country, and also from a recognition of the strength of Kennedy's argument that supplies purchased in Canada are useful only for the relief programme, whereas cash contributions assist in the works programme which the Agency was instructed to emphasize and which is designed to liquidate rather than perpetuate the problem.

2. When Kennedy was in Ottawa he spoke to Dr. Clark and did I think succeed in convincing him that the Agency had done better than Clark had thought. Deutsch has indicated to me that Finance would probably agree to the conversion of some of our contribution into cash provided they could have more specific information. Deutsch thinks the Agency should provide a good deal more information on the following subjects:

(1) The exact amounts of cash in specific currencies which they need.

(2) Information as to the nature of contributions from other Governments and in particular the extent to which other Governments have provided convertible cash rather than contributions in kind.

3. Deutsch also wanted more information about the accomplishments of the Agency. This, I think, is now supplied by the Agency's report which has recently reached us. Would it be possible for you to ask either Kennedy or his liaison officers at Lake Success to provide us with the above and any additional information which would be helpful in persuading Finance. You might bear in mind the view expressed by Deutsch that the U.N. Agencies have a tendency to ask Canada to help them out and that we are imposed upon much more than other countries.

348. DEA/10170-C-40

Le sous-ministre des Finances
au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Finance
to Under-Secretary of State for External Affairs

Ottawa, November 16, 1950

Dear Sir,

I wish to refer to your memoranda dated October 24th† and November 4th,† concerning the request by General Kennedy, Director of the United Nations Relief and Works Agency for Palestine Refugees, that a portion of the Canadian contribution be made available to the Agency in cash.

It was helpful, in reviewing this question, to have a copy of the report of the Director of the Agency. The relatively little real progress made in reducing direct relief through employment projects, leading toward a permanent solution of the problem, and the inadequacy of contributions by many other countries are two very disturbing aspects revealed by the report.

I have had an opportunity to have a brief chat with General Kennedy concerning the question under discussion. Despite some ambiguity in the recommendations to Cabinet regarding the form of this contribution, it was, I think, certainly considered at the time it was discussed in Cabinet that an Agency spending approximately $20 million a year for direct relief should not have any difficulty in utilising $750,000 in Canada. It seems incredible that such should be the case. General Kennedy has stressed, however, the urgent need of the Agency for cash next month in order to meet wage payments on works projects. This aspect of the Agency's work certainly warrants our particular encouragement and support, although it does not necessarily follow that in doing so a contribution in cash is required. However, under the circumstances in which the Agency is in urgent need of cash, I am prepared to agree to a contribution in cash before December 31st, 1950, not to exceed $200,000 (Canadian). In doing so, General Kennedy should, I feel, be advised that this payment should in no way be considered a precedent in respect of future contributions by Canada to the Agency. It is essential, I think, that any considerations regarding the form, and possibly the magnitude of our further contributions, should be made in the light of the progress achieved in reaching a real solution to this refugee problem, the extent to which this problem now being discussed in the United Nations is approached realistically by the United Nations and those countries more directly concerned, and our overall policy as it is developed in respect of contributions to other causes of a similar nature.

General Kennedy might, I think, be advised that this cash payment will be made. I should like, however, to consider further the method of payment and will advise you shortly on this.

Yours very truly,
W.C. CLARK

349. DEA/10170-C-40

Le sous-ministre adjoint des Finances
au sous-secrétaire d'État aux Affaires extérieures

Assistant Deputy Minister of Finance
to Under-Secretary of State for External Affairs

Ottawa, November 21, 1950

Dear Sir:

1. I have received your letter of November 2nd† asking for my views on the Palestine refugee problem.

2. In addition to your commentary for the guidance of the delegation to the United Nations Assembly, which was attached to your letter, I have read the Interim Report of the United Nations Relief and Works Agency for Palestine Refugees and teletypes No. 272† and 273† which you referred to. However, I regret that I have not been able to get a copy of the Supplementary Report of the United

Nations Conciliation Commission for Palestine, which you regard as a basic document.

3. Frankly, the Palestine problem is disturbing. The Agency's report discloses several points which suggest that disposing of this problem is going to be a slow and costly business. The hopes created by the Economic Survey Mission's report are not being fulfilled.

4. To me, the most disturbing features of the Agency's report are:

(a) The transfer of refugees from direct relief to works projects — the core of the Agency's program — is behind the schedule provided by the Economic Survey Mission. Five months after the Agency began operations only 17,500 of some 900,000 refugees were at work. Moreover, of this number several hundred were doing administrative and professional jobs which existed before the Agency came into being.

(b) Because of the local wage structure, the Agency has been unable to devise a formula which would permit it to pay wages to those refugees who are employed and to strike them off the ration rolls. In other words, until this aspect of the problem is solved, the Agency will not be able to decrease its relief functions as it increases the works projects.

(c) The few works projects that the Agency has undertaken are short-term projects and will not add materially to the productive capacity of the countries concerned, and thereby facilitate the permanent absorption of the refugees into their present environment.

(d) The Agency has apparently been handicapped by the lack of co-operation on the part of the refugees, the local communities and most of the governments concerned. Although the Agency's report is moderately optimistic about receiving the co-operation of the Middle East governments in the future, the almost pathological attitude of many of them to the Palestine problem suggests that any co-operation forthcoming will be limited and conditional, and liable to be withdrawn at any moment.

(e) The reluctance of most countries to contribute funds to the Agency. Of the $54,900,000 requested, only $40 million has been promised. Of this sum, only $27 million had been given to the Agency by the middle of October. Moreover, the $27 million was provided by three countries — the U.K., the U.S. and Canada. The result is that the Agency has recommended that the U.N. ask "interested governments" to provide an additional $5 million to provide relief to June 30th, 1951.

(f) The Agency's request for more time and money. It suggests that the United Nations extend its mandate from June 1951 to June 1952, and provide it with an additional $50 million.

(g) The Agency's statement that this additional time and money will not solve the problem. It believes that rehabilitation of all the refugees would require a major economic effort involving private and public investment, closely related to an arrangement for general economic development.

5. As you know, Canada has made substantial contributions for the maintenance of the Palestine refugees. Since the first request for assistance in 1948, Canada has

contributed or promised to contribute $2,540,616, while the U.S. has given or promised to give $40,827,930. Thus, in terms of percent of the national income, Canada has contributed as much as the U.S. If the scale of contributions is maintained, and if the refugee problem is pursued to a solution, Canada will probably be saddled with a substantial financial burden for several years.

6. Perhaps, at this point, it is apropos to mention Canada's interest in the Middle East. While I recognize the strategic position of the Middle East, and that it would be a severe blow for the West if the area fell to the Communists, I suggest that many countries, particularly the U.S., U.K. and possibly France, have deeper and more remunerative interests there than Canada.[81] This point will make it difficult to justify future contributions which, on a national income basis, equal those of the U.S. or the U.K.

7. Another point that should be mentioned is that the Palestine refugees must now compete with Korean refugees, International refugees, etc., for assistance. It appears to me that the aid to the Palestine refugees is only one aspect of the larger problem of international assistance which embraces the International Refugee Organization, International Children's Emergency Fund, United Nations and Commonwealth Technical Assistance, and Korean Relief and Reconstruction. The combined demand will undoubtedly exceed the supply, and therefore, it might be necessary to establish a system of priorities.

8. It appears to me that in the final analysis the Palestine refugees are the product of conflicting political forces. If these forces are not reconciled, repatriation of some refugees to Israel and the resettlement of others in the Arab countries — apparently essential parts of any solution — will be impossible. Moreover, failure to reconcile the political factors can only result in the Agency being frustrated by the opposition of the peoples and governments concerned and the dissipation of its funds on relief. However, I realize that it might be Utopian to expect much in the way of a political settlement at this time.

Yours very truly,
R.B. BRYCE

350. DEA/10170-C-40

Note de la Direction des Nations Unies pour le sous-secrétaire d'État suppléant aux Affaires extérieures

Memorandum from United Nations Division to Deputy Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], November 25, 1950

I attach a copy of a draft memorandum to Cabinet on the subject of further Canadian contributions to the United Nations Relief and Works Agency for Pales-

[81] Note marginale:/Marginal note:
We took [?] a leading role in creating the problem. [auteur inconnu/author unknown]

tine Refugees in the Near East. I should be grateful for your comments and suggestions on this draft.

Copies of this memorandum have been sent to Mr. Plumptre and Mr. Léger.

R.A.D. FORD

[PIÈCE JOINTE/ENCLOSURE]

Projet d'une note pour le Cabinet

Draft Memorandum to Cabinet

SECRET [Ottawa], November 25, 1950

FURTHER CANADIAN CONTRIBUTIONS TO THE UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR-EAST

1. The Ad Hoc Political Committee of the General Assembly has recently approved the recommendation of the Director of the Agency mentioned above for the continuation of its mandate beyond the original termination date of June 30, 1951, until June 30, 1952. The Committee also approved the raising of a fund of $50,000,000 through international subscription for the period July 1, 1951, to June 30, 1952. Of this sum, $20,000,000 would be used for purposes of direct relief, while $30,000,000 would finance a Reintegration Fund to begin the permanent resettlement of refugees in the Arab countries and in Israel, should a number of refugees eventually return there.

2. The programme originally approved by the Assembly was designed in part as an emergency relief measure, and in part to provide paid employment for the refugees as a first step towards eventual rehabilitation and resettlement. However, the Arab governments adopted the attitude that co-operation with the Agency would prejudice the rights of the refugees under Resolution No. 194 (III) of December 11, 1948, which favoured their return to Israel. The Arab refugees have also refused to countenance any other solution but the return to their former homes. As a result, the Agency was frustrated in its major purpose of providing work for the refugees on public works' projects in the countries where the refugees now find themselves.

3. The Canadian approach on this problem is predicated on the desire to bring into being a realistic programme for the final resettlement of the Arab refugees. The Canadian Delegate on the Ad Hoc Political Committee has indicated that Canadian support for the establishment of the $30,000,000 Reintegration Fund may depend on the degree to which this fund will be associated with practical plans for a permanent solution of the refugee problem through resettlement in the Arab countries and by repatriation to Israel. Canadian reluctance to become committed to a contribution was intended as a form of pressure to induce the Arab governments to adopt a more realistic attitude by accepting the recommendations of the United Nations Conciliation Commission for Palestine. The Interim Report of this Conciliation Commission, which has not yet come up for discussion, urges the adoption of measures by the Arab states for assuring the full reintegration of refugees, who

may not be able to return to their former homes in Israel, and the provision of all necessary facilities for resettlement by the governments concerned. Nevertheless a Negotiating-Sub-committee has been set up in the meantime and may approach the Canadian Delegation for an indication on a Canadian contribution before the Conciliation Commission's recommendations are taken up.[82]

4. The need for international funds to provide relief remains acute and demanding. Over 800,000 Arab refugees will require to be fed and clothed while waiting for a political solution which will lead to their integration into constructive life.

5. On June 12, 1950, Cabinet decided to make an initial contribution of $750,000 to the United Nations Relief and Works Agency for Palestine Refugees in the Near-East. Cabinet also specified "that the Director of the Agency be informed that if the initial sum of $750,000 has been fully used up or earmarked for programmed purchases in Canada by December 31, 1950, and if he requires more funds, the Canadian Government would give sympathetic consideration to a request for a further sum of $750,000". Arrangements for the final allocation of the initial contribution are now being discussed with the Director of the Agency, and it is expected that he will make a request for a further contribution of $750,000 for the period of January 1, 1951, to June 30, 1951.

Contribution for the Period of January 1, 1951 to June 30, 1951

6. *It is recommended* that authorization be given for the contribution of $750,000 in Canadian dollars to the Agency for purchases in Canada, although a reasonable portion might be contributed in cash readily convertible into Middle East currencies at the joint discretion of the Ministers of Finance and External Affairs.

Contribution for the Period of July 1, 1951 to June 30, 1952

7. The General Assembly will in all probability approve the Ad Hoc Political Committee's recommendation for a fund of $50,000,000 to finance the Agency's programme for this period. Of this sum, $20,000,000 will be used for relief purposes, and $30,000,000 will form a Reintegration Fund for the resettlement of Arab refugees. (These two sums relate to each other in the ratio of 3:2).

8. An equitable Canadian contribution might be related to Canada's share in the regular United Nations budget, which is 3.2%. Although this percentage would indicate a contribution of $1,600,000, it is recommended, in view of the increasing commitments for similar purposes in other parts of the world, that the over-all Canadian contribution for this period be reduced to $1,300,000.

9. It is further recommended that this contribution be divided into two parts. Since $20,000,000 of the total fund will be used for relief purposes, it is recommended that $520,000 (Canadian) be made available to the Agency for purchases in Canada, although a reasonable portion might be contributed in cash readily convertible into Middle East currencies at the joint discretion of the Ministers of Finance and External Affairs. The remainder ($780,000 Canadian) would be made available to the Reintegration Fund of the Agency, provided that it is evident this

[82] Voir le document 128./See Document 128.

Fund will be used as part of a general programme for the permanent resettlement of Palestine refugees.

351. DEA/10170-C-40

Note du chef de la Direction économique pour la Direction des Nations Unies

Memorandum from Head, Economic Division, to United Nations Division

SECRET [Ottawa], November 27, 1950

FURTHER CONTRIBUTIONS TO U.N. FOR ARAB REFUGEES

You invite my comments and suggestions on your draft memorandum to Cabinet.

2. I think the time has come to say: No.

3. I agree that Canada should give a second $750,000. Rightly, I think, we are half committed to it and I believe we were wise, last June, to give the new Director of the Agency an indication of the total he might expect from Canada. The total amount was reasonable in all the circumstances.

4. Beyond that amount I doubt we should provide another dollar (unless Cabinet feels that they cannot let General Kennedy down with too much of a bump in which case a third and final contribution of $750,000 might be considered).

5. I believe that Canada must develop a sensible and defensible programme of contributions for relief and reconstruction in other parts of the World. We should give willingly and generously in directions where Canada has interests and responsibilities; we should conserve our limited resources for these purposes; we should, as far as possible, refuse to give to other objectives.

6. Both you and I have given some preliminary thought to this matter, and I am working on it now. Others, in other departments are also at work. However, neither the programme nor its implications have yet been worked out.

7. Whatever the programme turns out to be, I cannot believe that Arab Refugees will be near the top of the list. I feel that, after a second $750,000, we shall have done all that can reasonably be expected, and probably more than we would have done had we been "programming" our external aid over the past year.

8. Cabinet has just approved a large contribution to Korean relief; this was, I think, desirable — although, being of an emergency and quite unpredictable nature, I am not sure that it would appear on any regular "programme". The next financial contribution that should be pressed in Cabinet — and pressed very hard — is, I believe, the Colombo Plan. It is not only a most desirable object in itself but, in a sense, we are pretty far committed. Canada has both interests and, in a measure, responsibilities in that direction.

9. If our Minister uses up his ammunition fighting for such causes as Arab Refugees he may not have enough ammunition when he really needs it. I think he should be advised to tell Cabinet of the greatly increased requests for the Arabs and

then go on to say that, because of increasing demands from other directions on Canada, he is not making any recommendation beyond the second $750,000 to which Cabinet has already promised "sympathetic consideration".

A.F.W. P[LUMPTRE]

352. DEA/10170-C-40

Note du chef de la Direction européenne pour la Direction des Nations Unies

Memorandum from Head, European Division, to United Nations Division

SECRET [Ottawa], November 27, 1950

ASSISTANCE TO PALESTINE REFUGEES

I have only a few suggestions to offer for the revision of the second draft of the proposed memorandum to Cabinet on this subject.

2. It seems to me that the emphasis, in paragraph 2 of the present draft, might be changed to make it conform with the reports we have received from the Conciliation Commission and the Director of the Relief and Works Agency. What I have in mind is something along the following lines:

"2. The combined relief and works programme approved by the Assembly a year ago was seriously handicapped by reason of the fact that it had no working capital and that the amount and timing of purely voluntary contributions could not be foreseen, so that planning was often reduced to a weekly basis. Having at its disposal for the works programme only 29% of what the Assembly had recommended for this purpose, the Agency was nevertheless able to remove 72,000 refugees from the relief rolls. At the same rate of progress almost one quarter million refugees might have been absorbed by the works programme had the fund established by the Assembly been fully subscribed. The Director of the Agency has insisted on the need for firm financing for 1951-52. A Negotiating Sub-committee has therefore been set up to ascertain definitely from all members of the United Nations what they will contribute for 1951-52 and at what dates their contributions will be made.

"3. Within a few days a Committee of the United Nations General Assembly is to deal with a second difficulty encountered by the Relief and Works Agency. This has been the impossibility of moving large numbers of Arab refugees from the unproductive areas where three quarters of them are now concentrated to better localities in the Arab lands so long as the Assembly does nothing to modify the position it took in December 1948 that all refugees desiring to return home and live at peace with their neighbours should be repatriated to Israel. The governments of Arab states realize that the refugee problem cannot be fully solved on the basis of repatriation alone, according to the report of the Palestine Conciliation Commission, and three of them would be in a position to cooperate in resettlement programmes if the Assembly were to abandon formally the position it has taken on

repatriation. The Conciliation Commission has recommended therefore that reintegration of refugees should proceed along the lines of resettlement in Arab lands as well as repatriation to Israel.

"4. Canada is supporting this recommendation. As a means of exerting pressure to secure its acceptance by the Assembly the Canadian Delegation has indicated that Canadian support for the establishment of the $30,000,000 reintegration fund may depend on the degree to which the fund is associated with practical plans for a permanent solution of the refugee problem through repatriation and re-settlement. Meanwhile it is recognized that the need for international funds for direct relief continues to be acute. Some 800,000 refugees will require to be fed, clothed and sheltered while waiting for the political solution which will lead to their reintegration into the life of the Middle East."

3. A few minor suggestions for the revision of paragraphs 1 and 8 have been made on the copy of the memorandum you were kind enough to let us see.

J[ULES] L[ÉGER]

353. DEA/10170-C-40

Note de la Direction des Nations Unies pour le sous-secrétaire d'État suppléant aux Affaires extérieures[83]

Memorandum from United Nations Division to Deputy Under-Secretary of State for External Affairs[83]

SECRET Ottawa, November 29, 1950

FURTHER CANADIAN CONTRIBUTIONS TO THE UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST

I refer to my memorandum of November 25 on this subject, and now attach a third draft of the Memorandum to the Cabinet,† which has been revised in the light of suggestions made by European Division.

2. You will have seen Mr. Plumptre's memorandum of November 27 in which he claims the time has come to say "no" to any further contributions for the relief and works projects for Palestine refugees. I can understand Mr. Plumptre's feeling that we must establish priorities in the matter of contributions for economic assistance but this, I think, must be for the future. In other words, we must start thinking now about future projects and govern our activities in the United Nations, North Atlantic Treaty Council, Commonwealth bodies, OEEC and elsewhere according to a strict programme of priorities which would take into consideration the points mentioned in Mr. Plumptre's memorandum.

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[83] Notes marginales:/Marginal notes:
Mr. Heeney, The draft memorandum to Cabinet seems to me to be satisfactory but my understanding is that the Minister does not want this put up until Mr Plumptre's paper is ready. E. R[eid], Nov 30/50.
Mr Reid, You are right — this is to be held for general paper. A.D.P. H[eeney], Dec 3.

3. In my opinion, however, we cannot abandon a programme sponsored by the United Nations and officially approved by Canada at the very moment when all members of the United Nations are being approached with a request that they should do their fair share to make the programme succeed. Canada worked and voted in 1947 for the partition of Palestine and is very anxious that this policy should have the effect of benefitting both Jews and Arabs. One half of the objective we had in view in 1947 has been accomplished. We are now confronted with an opportunity to help finish the work we began at that time. It is unthinkable that we should turn our back on an effort which United Nations representatives on the spot have told us is necessary in order to rectify the dislocations caused by the establishment of a Jewish state in Palestine. These very dislocations provide us with an opportunity to inaugurate development schemes in the Arab lands for resettlement of Arab refugees which will have a beneficial effect on the life of the region as a whole and make for permanent stability in an area where disorder can only benefit our enemies.

4. I question the statement in Mr. Plumptre's paragraph 5 that we should give in directions where Canada has interests and responsibilities, and as far as possible, refuse to give to other objectives. Does this mean that we are going to refuse to contribute to any United Nations programme because we fail to see any possibility of an immediate return for our money? Then we had better stop contributing to UNICEF, WHO, UNESCO, and so on. Furthermore, I wonder if our interests really are greater in South-East Asia than in the Near East. This area will be of vital importance to the West in the event of war, and from the political point of view I should think we must do all we can to prevent conditions growing up, which would make the inhabitants hostile to the West and a breeding-ground for Communism.

5. You will also have seen the letter of November 21 on this subject from the Deputy Minister of Finance. I am wondering if it is really the role of the Department of Finance to examine, in the way they have, the political aspects of the Palestine problem, and to question the political basis of the decision of this Department that Canada should make some further contribution to the United Nations programme. Surely we should not have to justify to the Department of Finance decisions on political questions which have been reached by this Department only after a great deal of thought has been devoted to them. This is, of course, a problem on which I am not competent to judge, but I thought I should draw it to your attention as it is nicely pointed up by Mr. Bryce's letter.

R.A.D. FORD

354. DEA/10170-C-40

Note du chef de la Direction économique pour la Direction des Nations Unies

Memorandum from Head, Economic Division, to United Nations Division

[Ottawa], December 2, 1950

CANADIAN CONTRIBUTIONS FOR ARAB REFUGEES

A day or two ago a third draft of a memorandum to Cabinet, dated November 27,† came onto my desk. I am not sure whether I was expected to send further comments, and in any case it may now be too late. However, here are a couple of observations for whatever they may be worth.

I felt that the second draft of the memorandum was perhaps a bit too tough on the Arab Governments — especially in paragraph two. On the other hand, I feel that the third draft gives the erroneous impression that the Arab Governments are all sweetness and light. Might it not be possible to leave an impression midway between these two extremes — an impression which, from my limited knowledge, seems to be about right.

I read with interest your memorandum to Mr. Reid of November 29th. I think you did a little less than justice to my own memorandum of November 27th, but perhaps that was about what it deserved! At any rate, your observations are very helpful in connection with the work I am trying to do on a Canadian programme for relief and re-construction. (I wish the world would stand still for a minute so that I could get on with it.)

I am still troubled by the proposal to give so much to Arab relief. After talking to you, and later to Mr. Reid, I realize that we are much more deeply committed than I had appreciated when I wrote my memorandum of November 27th. However, I have an uneasy feeling that the pit into which the money is being poured has not got much in the way of a bottom. Certainly, the Arab Governments have not done much to build a bottom into it. I suppose I could not persuade you to put in the memorandum to Cabinet a statement that, although these sums were being recommended for 1951 and 1952, very close scrutiny indeed would be given to the question before further contributions would be recommended to Cabinet.

A.F.W. P[LUMPTRE]

6e PARTIE/PART 6

FONDS INTERNATIONAL DES NATIONS UNIES POUR LE SECOURS DE L'ENFANCE UNITED NATIONS INTERNATIONAL CHILDREN'S EMERGENCY FUND

355. PCO

Note du ministre des Pêcheries pour le Cabinet

Memorandum from Minister of Fisheries to Cabinet

CABINET DOCUMENT NO. 103-50 [Ottawa], March 29, 1950

RE NEWFOUNDLAND SALTED CODFISH

The Problem

1. Catching and salting codfish is the main source of livelihood for over one-third of the Newfoundland population. Annual production averages approximately 100 million pounds. Little can be done in a short time to reduce production, although plans for the eventual diversification of production are currently being worked out with the Provincial Government and the fishing industry.

2. In recent years, roughly one-half of the Newfoundland production has been marketed in the Mediterranean countries. The balance shares the Western Hemisphere markets with the mainland production of approximately 40 million pounds. For the past several years, arrangements have been made with the U.K. for sales in Europe for sterling. This arrangement was continued for the 1949 production. Despite this fact, there remains in Newfoundland some 18 million pounds unsold from the 1949 production. Closure of the important Brazilian market in 1949 was an important factor in the development of the present carry-over.

3. Faced with this carry-over and no assurances respecting the marketing of the 1950 production, Newfoundland fishermen, merchants, finance agencies and the Provincial Government are greatly concerned over the prospect.

Considerations

It appears essential that some positive action be taken now to stabilize the situation in order to avoid serious unemployment and consequent relief payments and to provide time for the working out of a full solution to the 1950 marketing problem.

Alternative immediate solutions include:

(a) Action under the Fisheries Prices Support Act to guarantee prices to fishermen for 1950.

The Fisheries Prices Support Board would strongly recommend against the idea of an advance guarantee because of the effect that such action would have in impeding the normal marketing of the product and the impossibility of confining such action to the production of the province of Newfoundland.

(b) Action by the Government to arrange for sales in sterling to European markets for 1950.

Arrangements for sales in sterling may be possible and ultimately necessary, but such an arrangement appears impossible of completion in the immediate future.

(c) Action under the Fisheries Prices Support Act to purchase a portion of the carry-over for disposal to the United Nations International Children's Emergency Fund.

The Fisheries Prices Support Board would recommend against a purchase by *the Board* of a portion of the carry-over because:

(i) If the Board sought to buy at the lowest possible price — in the interest of the United Nations International Children's Emergency Fund — it would be accused of breaking rather than strengthening the market.

(ii) Since at least some of the fish to be purchased is already in the hands of merchants and exporters the Board would be establishing a precedent of giving aid to a secondary industry.

(iii) Purchase by UNICEF rather than the Board would have a beneficial rather than adverse effect on foreign buyers, regardless of the price paid.

(d) Action by the Government to make a grant to the United Nations International Children's Emergency Fund for the purchase and use of a portion of the carry-over.

(i) Action along this line would be a strengthening factor in the market; it would give confidence to the Newfoundland interests without any implied guarantee for the future and would provide time for working out a more complete answer to the problem of marketing the 1950 production.

(ii) Invitations to offer to UNICEF could be sent to mainland as well as Newfoundland producers. While the mainland producers have no apparent carry-over, there would be some political advantage in this procedure.

(iii) The United Nations International Children's Emergency Fund have indicated a strong desire to secure supplies of salted codfish for feeding in Italy and Greece where the product has been used previously with full satisfaction. The agency has no funds with which to make a commercial purchase.

Recommendation

It is recommended that an appropriation be provided through supplemental estimates to the Department of External Affairs amounting to $600,000, to provide for the purchase by the United Nations International Children's Emergency Fund of approximately 5 million pounds of salted codfish. Price to be determined by negotiation between UNICEF and the Newfoundland exporters.[84]

R.W. MAYHEW

[84] Approuvé par le Cabinet, le 31 mars 1950; détails à être arrêtés par les ministères des Pêcheries, des Affaires extérieures et des Finances.
Approved by Cabinet, March 31, 1950; details to be determined by the Departments of Fisheries, External Affairs, and Finance.

356. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 112-50 [Ottawa], April 11, 1950

CONTINUING NEEDS OF CHILDREN AFTER CESSATION OF UNICEF

Since the United Nations International Children's Emergency Fund was established in December 1946 the Canadian Government has contributed $6,275,000. In addition, $1,350,000 has been raised in Canada for UNICEF by private subscription through the United Nations Appeal for Children. All of this money has been spent on purchases in Canada. UNICEF has also spent in Canada additional amounts to a total of $3,264,000 in United States funds.

2. It now seems likely that the work of UNICEF will shortly be brought to a close. The sum of $75,000,000 which was appropriated by the United States Congress to be paid over to UNICEF, on a matching basis of $72 for every $28 contributed by other governments, is almost exhausted; and it seems unlikely that another appropriation of anything like this scale will be approved by Congress. Under these circumstances the Secretary-General of the United Nations was requested by the Social Commission of the Economic and Social Council to prepare a report concerning the arrangements which would be advisable to carry on, within the United Nations, essential long-range activities for the welfare of children. It might appear that the best course would be to make no new formal arrangements but merely to divide among the existing specialized agencies, such as the World Health Organization and the Food and Agricultural Organization, those functions of UNICEF which it seemed desirable to continue. It is highly improbable, however, that this course will be followed in view of the strong feeling in the United States that some organization within the United Nations should continue to be specially charged with responsibility for dealing with the welfare of children. It is also felt that the existing agencies, whose responsibilities lie primarily in other fields, would tend to neglect the problems which are of concern to children specifically.

3. It is therefore virtually certain that the Social Commission (which is meeting at present in New York) and ECOSOC (which meets again in Geneva in July) will recommend the establishment of some form of organization to assume responsibility in this field. The proposals which have been made by the Secretary-General in his report of the 22nd of March seem to be the most modest solution that can be hoped for. He recommends that no attempt should be made to continue the mass-feeding programmes which have been conducted by UNICEF. Instead, he proposes that United Nations activity in this field should be chiefly in the form of technical assistance. The United Nations should aim at providing assistance to governments in the development of their own programmes for children by the organization of demonstration projects, the establishment of training centres and arrangements for fellowships in more advanced countries. To this end, he suggests that the United

Nations should establish, along the lines which have been approved for the Expanded Programme of Technical Assistance, the following permanent co-ordinating machinery:

(a) A policy-making body composed of government representatives responsible to the Economic and Social Council.

(b) An advisory and reviewing body composed of technically competent officials of the various United Nations organs which carry on programmes in the field of child welfare, e.g., I.L.O., F.A.O., UNESCO, WHO.

(c) An administrative unit within the United Nations Secretariat, presumably in the Social Division.

4. The Secretary-General proposes that there should be a special international children's fund to which voluntary contribution would be made by governments and peoples to be allocated for use by the various United Nations bodies under the supervision of the co-ordinating machinery which has already been described. The Canadian Government would, therefore, incur no further financial obligation as a result of supporting the Secretary-General's proposals. From time to time, however, it would be invited to make voluntary contributions. If it were decided to contribute, the scale of the contributions could be substantially less than those which have been made hitherto by the Canadian Government to UNICEF.

5. It is recommended that the Canadian representative on the Social Commission of ECOSOC should be authorized to support, in principle, the Secretary-General's proposals since they seem to offer the most modest and least expensive way of dealing with this problem.[85]

L.B. PEARSON

357. DEA/2295-CM-40

Le délégué permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations to Secretary of State for External Affairs

TELEGRAM 252 New York, April 12, 1950

RESTRICTED. IMMEDIATE.

UNITED NATIONS INTERNATIONAL CHILDREN'S EMERGENCY FUND

1. Discussion of UNICEF is now expected to begin on Monday and Curry should have indication by Friday at the latest of the Government's policy. The French delegation, which wants UNICEF to continue in its present form, has been pressing for a postponement of the discussion, no doubt in the hope that if the Commission has not time to consider the subject, there will be no change in the present position. Curry has taken the lead in urging that the subject be considered as soon as possi-

[85] Approuvé par le Cabinet, le 27 avril 1950./Approved by Cabinet, April 27, 1950.

ble, and he will find himself in an embarrassing position if he is not able to state the Canadian policy. New Zealand is also expected to urge that UNICEF continue as at present.

2. Altemeyer,[86] of the United States delegation, has shown Curry the plan which the United States wish to put forward. It is not certain that this will finally be the State Department's proposal, but Curry expects that it will be. This United States position is a little different from the proposals now under consideration in Ottawa. It calls for a governing body composed of the Social Commission, or appointees of the Social Commission, together with representatives of the major contributing nations which are not members of the United Nations. This plan, however, would not bring specialized agencies into closely knit Committee comparable with the TAB, but would give them only a consultative capacity. Curry still thinks the Canadian tentative proposals better than the American plan. He is anxious to know, however, how firmly he should stand by them in the face of opposition.

358. DEA/5475-CK-40

Le chef par intérim de la Direction des Nations Unies
au délégué permanent par intérim auprès des Nations Unies

Acting Head, United Nations Division,
to Acting Permanent Delegate to the United Nations

CONFIDENTIAL Ottawa, April 13, 1950

My dear John [Holmes]:

I am enclosing with this letter a Memorandum to Cabinet on the "Continuing Needs of Children after the Cessation of UNICEF" for you to show to Mr. Curry. This Memorandum has been approved by Mr. Pearson and will be submitted by him to Cabinet early next week. I regret that it will not be possible to secure a Cabinet decision on this question for Mr. Curry's guidance before it is raised in the Social Commission. You will be aware, however, that Parliament has risen for the Easter Recess and that the Prime Minister is out of Ottawa.

Although it would be preferable if Mr. Curry could enter the fray with the backing of a firm decision by the Government here I hope that he will feel that we have done all we could under the circumstances to assist him. It would, of course, be improper for us to issue him with instructions; and I believe that, in fact, in the past our representative on the Social Commission has never received any prior indication of the Canadian Government's views on the subjects which were under discussion. The attached document will at least acquaint Mr. Curry with the considered view of the Department of External Affairs on this question.

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[86] Arthur J. Altemeyer, représentant des États-Unis auprès de la Commission sociale des Nations Unies.
Arthur J. Altemeyer, United States Representative to the Social Commission of the United Nations.

As soon as a Cabinet decision is made I will inform you by teletype.

Yours sincerely,

D.V. LEPAN

359. DEA/5475-CK-6-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

Ottawa, April 26, 1950

CONTINUING NEEDS OF CHILDREN AFTER CESSATION OF UNICEF

Your memorandum to Cabinet on the above subject has, I understand, not yet been discussed on the agenda and I am therefore providing the following information to bring the matter up to date.

2. On April 22, 1950, the Social Commission completed its consideration on this item and adopted a resolution by a vote of 10-3-3 recommending that the Economic and Social Council "take all necessary steps to ensure the uninterrupted continuation and development of the activities of the International Children's Emergency Fund". The United States, the United Kingdom and Canada voted against the resolution; Denmark, Australia and South Africa abstained. However, the resolution recognized that UNICEF "should progressively and with due regard to all needs and its own resources shift emphasis from immediate to long term objectives", i.e. from the provision of relief supplies to provision of "assistance to governments designed to aid them in creating or expanding their permanent child welfare programmes".

3. Mr. Curry opposed the resolution, I understand, largely because it would set up a Children's Board composed of governments represented on the Social Commission together with certain additions instead of a completely separate Board elected directly by ECOSOC. Furthermore, the Social Commission resolution provides for the "close collaboration of the Fund with the specialized agencies" instead of the integration of the specialized agencies by representation on a non-governmental Executive Body.

4. Dr. Davidson feels that the proposals contained in the memorandum for Cabinet would still be desirable as directives for our delegations to ECOSOC and the General Assembly. However, if the Taft Bill at present before the United States Congress, which provides for the grant of additional funds to UNICEF, should become law, he feels that there is little point in seeking to scale down the feeding programme of UNICEF at the present time.

5. I am not convinced that the present resolution may not be acceptable to the Canadian Government subject to any changes in the organization which our representatives may be able to obtain at ECOSOC and the General Assembly. It would

mean that for the next two or three years there would be a continuation of fairly large scale feeding programmes so that the Canadian contribution could, as in the past, be largely in kind. In subsequent years the emphasis could be directed more and more toward the long-term child welfare programmes as envisaged in your memorandum to Cabinet.

A.D.P. H[EENEY]

360. DEA/50069-A-40

La délégation permanente auprès de l'Office européen des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Delegation to European Office of United Nations to Secretary of State for External Affairs

TELEGRAM 127 Geneva, August 1, 1950

SECRET. IMMEDIATE.

Following for Pearson from Fournier, Begins: We understand that Security Council yesterday considered a resolution which inter alia will request ECOSOC to call upon specialized agencies, specifically including UNICEF, to carry out relief activities in Korea. If Security Council approved this resolution we assume you will not, repeat not, want us to urge dissolution of UNICEF and cessation of its relief programme. Incidentally this line is in any event doomed to overwhelming defeat since United States and French delegations have agreed on a resolution similar to that proposed by Social Commission. In the light of Korean situation we think that the best solution would be to postpone any change in the terms of reference of UNICEF and to favour its continuation on present lines for at least another year. Failing agreement on this we would think it desirable for Canadian delegation to support some resolution which would permit of continuation of relief activities on behalf of children having in mind possible implications for Korean situation.

2. Item 26 comes before Social Committee on Thursday morning, August 3rd, and unless we receive instructions in the meantime we shall pursue one or other of courses mentioned in preceding paragraph. Ends.

361. DEA/5475-CK-7-40

Le secrétaire d'État aux Affaires extérieures
à la délégation permanente auprès de l'Office européen des Nations Unies

Secretary of State for External Affairs
to Permanent Delegation to European Office of United Nations

TELEGRAM [No.?] Ottawa, August 2, 1950

SECRET. IMMEDIATE.

Following for Fournier from Pearson, Begins: Your telegram No. 127 of August 1, 1950. Continuing needs of children.

2. Resolution referred to in your telegram was passed by Security Council on Monday.

3. I agree with your suggestion that the delegation urge postponement of any change in the terms of reference of UNICEF. The entire question of our attitude toward international relief agencies must be reviewed in the light of recent developments in Korea and elsewhere.

4. If you cannot obtain support for continuance of UNICEF, I leave it to your discretion to support or abstain from voting on the United States-France resolution. The Department of Finance is disturbed about building into the United Nations a new type of machinery without looking at the problem as a whole. Furthermore, the General Assembly will have difficulty in determining the amount of the administrative budget required to implement a work program dependent upon voluntary contributions. In any event I think you should express a warning that the Canadian delegation has doubts with respect to these aspects of the proposed resolution, although it will not vote against the resolution because it supports the continuance of some form of organization operating in this field, at least for the next year or two. Ends.

362. DEA/5475-CK-7-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

DESPATCH 59 New York, October 12, 1950

CONFIDENTIAL

ACTIVITIES OF SOCIAL COMMITTEE — LONG-RANGE ACTIVITIES FOR CHILDREN

Attached for your information is a United Nations Press Release dated October 9, 1950†, which reproduces the statement made in the Third Committee by Mrs. D.B. Sinclair on the above-mentioned question.

2. Some twenty countries have up to now participated in the debate on this third item of the Agenda of the Third Committee. The U.S. delegate, who was among the first speakers, reiterated in a very precise statement the position which the U.S. delegation advocated at Geneva during the 11th Session of the Council. In explaining to the Committee the various amendments which the U.S. delegation was hoping would be made to the ECOSOC resolution under consideration, Mrs. Roosevelt[87] made it quite clear that in the event that such amendments as proposed by the U.S. delegation were not accepted, it would prove very difficult, if not impossible, to secure the necessary congressional approval for the U.S. contribution to the Fund.

3. The strongest rebuttal made in reply to the United States Statement came from the Delegate of Pakistan Professor Bokhari; I think that the reaction of most of the responsible delegates in the Third Committee to Professor Bokhari's speech was that it was to a considerable extent unrealistic and that its bitterness might be damaging to the future operations of the Fund, by antagonizing the U.S. Government and thus by bringing about a substantial cut in the U.S. contribution. The tone of the debate, as set by the Pakistan Delegate, did not fortunately continue in the course of the meetings held this week. In general the opposition to the U.S. proposals came from two groups of countries: those which did not want the Organization to be made permanent and among these are the U.K. and Australia; and those made up of the under-developed countries which fear that the U.S. emphasis on a Technical Assistance approach might deprive them of supplies.

4. When a number of amendments which were being submitted made it evident that great difficulties were to be encountered in reaching a satisfactory formula concerning the future of the Fund, the Australian Delegation presented a draft reso-

[87] Eleanor Roosevelt, représentante des États-Unis auprès des Nations Unies; présidente de la Commission des droits de l'homme.
Eleanor Roosevelt, Representative of United States to United Nations; Chairman of the Commission on Human Rights.

lution which would actually provide for a continuation of the Fund for a two-year period on exactly the same terms of reference on which it has been operating, but for a revision of the Board's membership. I am enclosing for your information the text of the various amendments submitted so far, as well as the text of the Australian draft resolution.

5. The Third Committee adjourned yesterday afternoon in order to allow the sub-committee created for the purpose of examining the various amendments submitted, to meet and take action in accordance with its terms of reference; this sub-committee has been charged with "clarifying to the greatest possible extent the different points of view expressed in the amendments submitted, to reduce these amendments to the smallest number necessary to express the differences still outstanding and to report to the Committee as quickly as possible". It may be said that the Canadian Delegation had originally thought of proposing the setting up of such a sub-committee; when the representative of Ecuador did so, before our Delegation made its statement, the Canadian Delegation associated itself with the Ecuadorian proposal.

6. It is understood that the sub-committee which met yesterday following the adjournment of the Third Committee, and again this afternoon has not been very successful in bringing about a compromise among the various delegations which have submitted amendments. If no such compromise is available by tomorrow, it is expected that a separate vote will have to be taken in the Committee on each of the various amendments as well as on the Australian draft resolution.

7. If the Australian Delegation succeeds in having its proposal voted on first, there is a chance that it may carry. In view of the difficulty which the U.S. Delegation will have in securing money from Congress, unless the terms of reference provide for a Technical Assistance approach, as well as for emergency cases, we feel that it is consistent with our position at the Eleventh Session of ECOSOC to support the United States. In the event that they should support the Australian proposal, the Delegation feels that it would not be inconsistent for Canada to do likewise.

8. I am also enclosing as a matter of interest the text of an open letter† sent today to the Editor of the *New York Times* by Professor Bokhari of Pakistan which, more or less, reproduces the substance of the main speech which he made in the Third Committee.

RAYMOND CREPAULT
for the Chairman

363. DEA/5475-CK-7-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

DESPATCH 88 New York, October 21, 1950

CONFIDENTIAL

Reference: My Despatch No. 59 of October 12, 1950.

ACTIVITIES OF SOCIAL COMMITTEE — LONG-RANGE ACTIVITIES FOR CHILDREN

The debate in the Third Committee on the question of the Children's Fund came to an end on Wednesday, after the Committee had decided to give precedence to the Australian proposal and had disposed of the various amendments to the original Australian draft resolution.

2. As indicated in my despatch under reference, the Australian resolution, by being voted on first by the Committee, presented the Delegates with a somewhat simplified solution to the difficult position in which the Committee had been placed as a result of the uncompromising attitude taken by some Delegations. At the request of Mrs. Roosevelt, the vote was taken by roll call. The Australian resolution was carried by forty-three votes; Canada, together with the United States, Denmark, Sweden, Norway, the Netherlands, Liberia and the Union of South Africa, voted against, with China abstaining and eight Delegates being absent. The Canadian representative on the Committee explained, prior to the voting, the attitude of our Government on this question and the reasons for which the Canadian Delegation would be voting against the Australian resolution. I am enclosing, for your information, the text of the Australian resolution† as adopted, together with the text of the statement† made by the Canadian Delegate.

3. You will note that the final text of the resolution is substantially different from the original draft submitted by the Australian Delegation; paragraph 6 (d) deserves particular consideration, since it provides for the consideration by the General Assembly, in three years' time, of the future of UNICEF "with the object of continuing the Fund on a permanent basis". You will recall that the Australian resolution had originally been made with a view to eliminating the difficulties which the question of permanency of the Fund had created for certain Delegations. This subparagraph was considered so contrary to the original intent of the Australian resolution that the Australian Delegation itself had, together with certain other Delegations, to make, in the final voting, a reservation to this particular provision.

4. I should like to add that a considerable number of those Delegations which voted in favour of the resolution hinted in their explanatory statements that they were not actually satisfied with the resolution but that they were supporting it as a gesture of compromise in order to spare the Committee from further uncompromis-

ing debate. Several Delegates also made in the course of their statements reservations to some part or other of the Australian resolution. In view of this, we may, I think, envisage the possibility of some attempt being made in the Plenary Session to have the Australian resolution, as adopted by the Third Committee, modified in such a way as to bring it closer to the spirit of the original ECOSOC resolution and yet at the same time to secure the unanimous support of all the Member States.

5. It is probably at this stage a little too early to comment on the repercussions which the adoption of this resolution might have on the question of financing UNICEF during the coming year. I think we can safely say, however, that, if the State Department is right in its estimate of Congressional feeling as reported to us by some of the members of the United States Delegation, there may be serious difficulty, following this decision, in securing further substantial contribution.

RAYMOND CREPAULT
for the Chairman

364. DEA/2295-CM-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 271 Ottawa, November 13, 1950

CONFIDENTIAL

RE UNICEF

1. From the press reports and your account of the debate in Committee Three on this item, it seems unlikely that the Committee's resolution will be rejected in the General Assembly although it may be amended in some parts.

2. In our view, it would be unwise for Canada to vote against the final resolution even though it may be unsatisfactory from our point of view. You will, of course, want to make every effort to improve the resolution and, so long as there is a chance of amending the text to bring it more into line with the Canadian objective, active support should be given to any draft amendments which would serve this purpose. If the final resolution remains substantially the same as that adopted in the Committee, it would, of course, be inconsistent for Canada to support it. On the other hand, there is not much to be gained by casting a negative vote, particularly against overwhelming support. Whatever the final form of the resolution and whatever objections we may have to it on practical grounds, it will be the only proposal on this subject before the General Assembly, and to vote against it would be to vote against a United Nations programme of assistance to needy children.

3. There has always been a considerable interest in Canada in the activities of UNICEF and the Government might well be subject to serious criticism from the Canadian public if the Delegation to the Assembly were to oppose a United Nations

resolution on aid to children. It is recommended, therefore, that if the resolution cannot be improved to the point where Canadian support would be reasonable, in the light of the position taken in the Committee, the Delegation should abstain. In that event you could explain that Canada did not vote against the resolution since it represents the major United Nations effort on behalf of under-privileged children, but the Delegation finds it impossible to give it positive support for various reasons, which you may or may not wish to repeat in detail.

365. DEA/5475-DW-4-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 561 New York, December 2, 1950

Reference my teletype No. 532 of November 30th.† Consideration of social items in plenary.

2. As a result of a rather unexpected procedural decision by the President of the General Assembly, plenary meeting adopted yesterday without any discussion the following items:

(a) Reports of Joint Second and Third Committee;

(b) Report of Joint Second, Third and Fifth Committee;

(c) Item on long-range activities for children (Third Committee resolution as amended — unanimously — with one abstention — United States);

(d) Item on Advisory social welfare services;

(i) Third Committee report;

(ii) Fifth Committee report;

(e) Part of report of Economic and Social Council as considered by Third Committee (Canada voted against the two resolutions recommending holding of the Sub-Commission meetings which had been disapproved by ECOSOC).

3. In spite of rapidity with which the above items were voted on by plenary, we were nevertheless successful in submitting an amendment to the Third Committee resolution regarding the continuing needs of children which finally made the resolution acceptable to everyone, except unfortunately for United States abstention. Text of amendment to UNICEF resolution[88] is contained in my immediately following teletype.†

[88] Voir/See *United Nations Resolutions*, Series 1, Resolutions Adopted by the General Assembly, Volume 3, 1950-1952, Dusan J. Djonovich, New York: Oceana Publications, 1973, pp. 114-115.

7e PARTIE/PART 7

PROGRAMME ÉLARGI D'ASSISTANCE TECHNIQUE
EXPANDED PROGRAMME OF TECHNICAL ASSISTANCE

366. DEA/5475-DU-1-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-711 Ottawa, April 27, 1950

SECRET

EXPANDED PROGRAMME OF TECHNICAL ASSISTANCE

As you know, the Technical Assistance Conference, at which participating governments are expected to announce the size of their contributions to the Expanded Programme of Technical Assistance, is scheduled to open at Lake Success on the 16th of May. It is essential, we believe, for the success of the Conference that the United States representative should be in a position to state what the United States contribution will be. For this reason and, in view of the uncertainties now attending Congressional action on this subject, we think that consideration should be given to postponing the date of the Conference unless it is clear, at least a week in advance, that the United States contribution will have been finally fixed by the time the Conference opens. Our idea was that the Secretariat might wait until perhaps the 9th of May before coming to a decision. However, if by then it seemed virtually certain that an appropriation would not have been authorized by Congress before the 16th, the Conference should be postponed. This should not cause too much inconvenience, since we understand that most countries will be represented by members of their permanent delegations in New York.

2. We have instructed Mr. Holmes to explore this suggestion with the Secretariat. He has now reported that the Secretariat still profess to be confident that a Congressional decision will be reached in time. Should this, on review in the first week of May, appear to be a false assumption, the Secretariat would again consider whether the Conference should be held as scheduled. The member of the Secretariat with whom Holmes spoke did not say definitely that the Secretariat would postpone the Conference if it looked doubtful by that time that the United States contribution would be fixed; he promised merely that the decision to hold the Conference would be reconsidered.

3. We have also learned that the United Kingdom delegation in New York, like ourselves, have been worried about holding the Conference before Congress has

reached a decision, and intend to suggest to Sir Sidney Caine[89] that he speak to Willard Thorp[90] and suggest postponement. We should be grateful if you would also discuss with Thorp the possibility of postponing the Conference. You might perhaps wish to consult with Caine before doing so.

4. You might like to know for your own information that we are now disposed to recommend to Cabinet "that the Canadian Government authorize the contribution of not more than $1,000,000 to the Expanded Programme for Technical Assistance of the United Nations, the exact amount of this contribution to be determined when the President announces the amount of the United States contribution, the Canadian contribution to be related to that of the United States in the ratio of 1:16". The reason for our proceeding in this way is that we have come to the conclusion that we will not be able to command the support of the Department of Finance in this matter (which is vital) unless the proposed Canadian contribution is tied rigidly to whatever contribution is made by the United States. The chief disadvantage, of course, of such a recommendation to Cabinet is that, if the Technical Assistance Conference is held on the 16th of May and if a United States contribution has not been decided by that time, it will be impossible for our representative to announce a Canadian contribution. In speaking to Thorp you should not disclose the exact nature of the recommendation now being considered here; but it would be proper for you to stress what he no doubt knows already, that the size of the Canadian contribution will inevitably be related to the amount which the United States makes available.

367.

DEA/5475-DU-3-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET

[Ottawa], April 25, 1950

The United Nations Technical Assistance Conference, at which the contributing countries are expected to announce the amount of their contribution for the first year of the Expanded Programme of Technical Assistance, is to take place at Lake Success on the 16th of May. It is, therefore, important that a Canadian contribution should be authorized before you leave Ottawa for the meetings of the North Atlantic Council. I am attaching for your signature, if you approve, a draft Memorandum to Cabinet† on this subject; and I would suggest that it might be considered in Cabinet this Thursday, the 27th of April. Also attached for your signature, if you

[89] Sir Sydney Caine, représentant suppléant du Royaume-Uni auprès du Conseil économique et social.
Sir Sydney Caine, Alternate Representative of United Kingdom to the Economic and Social Council.

[90] Willard Thorpe, représentant des États-Unis auprès du Conseil économique et social.
Willard Thorpe, Representative of United States to the Economic and Social Council.

agree, is a letter to Mr. Abbott† enclosing a copy of the Memorandum for his consideration in advance of the Cabinet meeting.

2. There have been two difficulties which have complicated the task of preparing this submission. In the first place, as you know, the Administration's recommendation for a United States appropriation for the Expanded Programme of Technical Assistance has been meeting with heavy weather in Congress. When the House of Representatives considered the omnibus foreign aid authorization bill they reduced the appropriation for the Point Four Programme (that is, both for the United States contribution to the United Nations programme and also for separate United States schemes for technical assistance to be provided on a bilateral basis) from $45,000,000 to $25,000,000. The Senate is now considering a parallel omnibus authorization bill and strong opposition has been expressed by some Senators to the United Nations Technical Assistance Programme. Although, no doubt, a congressional appropriation will finally be secured for the United Nations programme, it is uncertain how large the contribution will be and how soon it will be appropriated. This uncertainty has made the preparation of our submission to Cabinet more difficult since, as you know, Canadian contributions for purposes of this kind are normally related in some way to United States contributions.

3. We feel strongly that it would be folly to proceed with the Technical Assistance Conference on the 16th of May unless it is clear that by that time the United States representative will be able to announce the size of the United States contribution; and we have instructed Mr. Holmes to explore with the Secretariat the possibility of postponing the Conference. The United Kingdom delegation in New York, we have discovered, also share our misgivings on this score. However, both the Secretariat and the State Department still profess to be confident that they will be in a position to announce the United States contribution by the 16th of May. It is, therefore, impossible to delay further a submission to Cabinet on this subject.

4. The second difficulty has been the attitude which prevails at present in the Department of Finance. After their strenuous efforts in the last few months to present to Parliament a budget that would balance, they look, not unnaturally, with a jaundiced eye on any recommendations which will involve supplementary appropriations. For a number of reasons we would have preferred to recommend to Cabinet a flat figure of $1,000,000 as the Canadian contribution. In view, however, of the resistance exhibited by the Department of Finance we have decided to modify our recommendation and put it in the form that you will find in paragraph 7 of the Memorandum to Cabinet. It is recommended there that

> "the Canadian Government authorize the contribution of not more than $1,000,000 to the Expanded Programme for Technical Assistance of the United Nations, the exact amount of this contribution to be determined when the President announces the amount of the United States contribution. The Canadian contribution shall be related to that of the United States in the ratio of 1:16, the ratio of the Canadian gross national product to that of the United States.[91] This has

[91] Note marginale:/Marginal note:
No [A.D.P. Heeney]

been the usual method employed in determining Canadian contributions to international bodies."[92]

5. The draft Memorandum has been shown to Mr. Deutsch of the Department of Finance; and a number of comparatively minor, but valuable suggestions which he made have been incorporated. At three points, however, the Memorandum still diverges from what he proposed:

(a) he would have preferred a ceiling of perhaps $800,000 on the Canadian contribution instead of $1,000,000;

(b) he argued, although with what firmness it was difficult to decide, that the Canadian contribution should be related to the United States contribution in the ratio of 1 to 18 rather than in the ratio of 1 to 16;

(c) he wanted the Memorandum to mention some misgivings which are felt in the Department of Finance about the way in which the scheme has been organized leaving, in their view, loopholes for waste and inefficiency.

6. We have decided not to accept these three suggestions, partly because we believe that the Memorandum as it stands at present does not ask Cabinet to authorize more than a fair Canadian contribution, and partly because we have reason to believe that, although the Department of Finance have obliged us to argue stoutly in favour of the attached submission, they would regard our total surrender with surprise and even something like contempt. So far as we have been able to gauge, the policy which they are pursuing at present is this: to force departments which are seeking appropriations to fight for them, but then, if it appears that the Department concerned is prepared to stick to its guns, to give way amicably. Officials of the Department of Finance have, therefore, been told that we are grateful for their advice but that it is, of course, for you to decide what recommendation you wish to make to Cabinet. And, although the Department of Finance has raised objections to the Memorandum as it stands at present, we believe that Mr. Bryce of the Treasury Board, who is more sympathetic with such projects than some of his colleagues, has already mentally earmarked for the United Nations Expanded Programme of Technical Assistance something like $1,000,000 out of the amount available for supplementary appropriations.

E. R[EID]
for A.D.P. H[eeney]

[92] Note marginale:/Marginal note:
Suppose the USA contributes 30 millions? [L.B. Pearson]

368. DEA/5475-DU-3-40

Note du chef par intérim de la Direction des Nations Unies pour le sous-secrétaire d'État suppléant aux Affaires extérieures

Memorandum from Acting Head, United Nations Division, to Deputy Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], May 2, 1950

I had a telephone call from Mr. Holmes this afternoon to inform me that the Secretariat of the United Nations have now decided, on their own initiative, to postpone the Technical Assistance Conference for at least three weeks. They intend to announce simply that they have come to the conclusion that postponement would be advisable, after consultation with a number of member governments. No governments, however, will be named in the press release. Mr. Holmes has been asked by the Secretariat whether the Canadian Government would be prepared to be named as one of the governments which were consulted if, after the release has been issued, questions are asked about it. I told Mr. Holmes over the telephone that I felt sure that I could authorize him to inform the Secretariat that the Canadian Government could be mentioned as one of the member governments which had been consulted.

2. This decision by the Secretariat is very satisfactory to us, I think you will agree.[93] In particular, it relieves us of the necessity of considering any further the proposal which was made informally by Dr. Kotschnig[94] to Mr. Holmes when he was in Washington.

D.V. LEPAN

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[93] Note marginale:/Marginal note:
I agree E. R[eid] May 4/50

[94] Walter M. Kotschnig, représentant suppléant des États-Unis auprès du Conseil économique et social. Walter M. Kotschnig, Deputy Representative of the United States to the Economic and Social Council.

369. DEA/5475-DU-1-40

Le délégué permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations to Secretary of State for External Affairs

TELEGRAM 334 New York, May 25, 1950

CONFIDENTIAL

TECHNICAL ASSISTANCE

Tuesday afternoon Grande and I attended a meeting called by David Owen.[95] There were present representatives of twenty-five countries expected to contribute. None of the Soviet countries or Jugoslavia was invited. Owen explained at the beginning that the meeting was purely informal, and that statements made about contributions were confidential except that they might be transmitted by the representatives present to their own Governments. The statements would not be on the record, and would not be considered as committing the countries concerned.

2. Kotschnig, who spoke first, said that he expected the United States would make an outright contribution of $10 million for the period until 31st December, 1951. He said that he was also authorized to state that the United States contribution might go as high as $12 1/2 million on condition that it would not be more than 60 percent of the total contribution. The total, the United States considered, should be at least $20 million to ensure the success of the programme and to safeguard its international character.

3. Other countries were then invited to give testimony, with the following results:

(a) France will give 420 million francs ($1,200,000) if the total of contributions is approximately $20 million. If the total amount is less than that, the French contribution would be appropriately adjusted, and if it is over $20 million, the amount would be increased. For instance, if the total reached $25 million, the French contribution would be 525 million francs.

(b) The United Kingdom contribution was determined by a Cabinet decision of June 1949 (before devaluation) which established a sliding scale. If the United States contribution were considered as a mean figure between $10 and $12 1/2 million, then the United Kingdom contribution would probably be £600,000 in inconvertible sterling. The use to be made of this sterling was under discussion with the Secretariat. The United Kingdom, like the French representative, stressed their obligations for technical assistance to their own colonies.

(c) The Netherlands emphasized the facilities available in the Netherlands for technical training and the Dutch experts they could make available. Their Government was prepared, subject to Parliamentary concurrence, to make a yearly contri-

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[95] A. David K. Owen, secrétaire général adjoint, ministère des Affaires économiques (ONU).
A. David K. Owen, Assistant Secretary-General, Department of Economic Affairs (UN).

bution equivalent to 1 1/2 million florins, or about $400,000. This sum would be available in a few weeks. It would be inconvertible, but the Dutch representative was confident, as a result of discussions with the Secretariat, that ways could be found to make use of it. When later it was explained that the United Kingdom, United States, French, and other contributions were based on an eighteen-month period ending December 1951, the Netherlands representative said that the Netherlands appropriation was for one year and that they would be prepared to contribute on this basis an amount equal to $600,000 for the period ending December 1951.

(d) Pakistan would pay .7 percent of the total contribution up to a maximum of 500,000 rupees ($130,000). 5 percent of this would be convertible into United States dollars.

(e) Sweden would give 500,000 crowns, or $96,000, for eighteen months, and would examine the possibility of making some of this available in other currencies, possibly sterling, but not in United States dollars. For budgetary reasons this money would not be available until July 1951, although there was a possibility of putting this amount at the disposal of the Fund in the first part of 1951.

(f) Norway, for a budget term of twelve months from 1st July, 1950, would contribute 250,000 crowns ($35,000), which would not be convertible.

(g) The Belgian representative said he had had no instruction from his Government, but his personal opinion was that his Government would look favourably upon a contribution based on the Belgian percentage of the United Nations budget.

(h) Lebanon's contribution would depend on that of others. It would be equal to one-third or one-half of the percentage of their contribution to the United Nations. Their contribution to the United Nations was .06 percent and that to technical assistance would be .02 percent or .03 percent, in Lebanese currency.

4. It was agreed that another meeting would be held on Wednesday, 31st May, at which other countries will be expected to announce their contributions. Owen said that on the basis of a rough calculation, $4,100,000 would still be needed to make up the required $20 million, this, of course, in addition to the United States contribution.

5. After the meeting I talked with Owen, who said that the results were "somewhat worse" than expected. He said that he understood that the United States appropriation was definitely set at $12 million and that Kotschnig had used the $10 million figure in order to stress his point that this must be a cooperative enterprise. This tactic, however, rather than encouraging others to contribute, would probably depress their contributions, as many were thinking in terms of a percentage of the United States amount. He did think $20 million was absolutely essential to launch the programme. Of this amount, not all would be useful working money, as the contributions in inconvertible funds from small countries were really more trouble than they were worth. He said that Italy and Switzerland would each probably give the equivalent of $250,000. The Russians had shown no interest at all, and he doubted if there would be a rouble contribution.

6. It is obvious that we are looked upon for the largest contribution not yet announced. The Secretariat are still hoping for one million dollars, but I have cautioned them not to count on so large an amount, particularly in view of the reduced

contribution from the United States. Owen said they hoped the Commonwealth apart from the United Kingdom would make up a total of $2 million. I spoke with the Indian, Australian, South African, and New Zealand representatives, and none of them has any definite sum in mind. The Australians expect their contribution will be convertible throughout the sterling area. The United Kingdom has been playing with a scheme to pool all contributions in sterling, but I believe that the whole question of the convertibility of sterling contributions is still very much in the air.

7. As so many people are waiting to hear from us, the next meeting may be embarrassing. You may wish to consider whether it would be possible for me to express a rough and personal opinion, somewhat like that made by the Belgian, to the effect that the Canadian contribution might be expected to be roughly one sixteenth of that of the United States. I have explained to Owen informally, and to members of several friendly delegations that I personally doubted if I could make a statement until some time after the Minister's return from the London Conference.

370. DEA/5475-DU-1-40

Le délégué permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations to Secretary of State for External Affairs

TELEGRAM 346 New York, June 1, 1950

CONFIDENTIAL. IMMEDIATE.

Reference our teletype No. 334 of 25th May — Technical assistance.

1. Wednesday afternoon, Grande and I attended a further informal meeting called by the Secretariat to hear additional statements about contributions to the technical assistance programme. Yugoslavia was present at this meeting. Weintraub[96] was in the chair in the absence of David Owen.

2. The following statements were made:

(a) The Danish Government will ask its Parliament to authorize a contribution in Danish currency only of approximately $48,000 for the period 1st July, 1950, to 31st March, 1951, and a similar amount for the period 1st April, 1951, to 31st December, 1951. However, if the United Nations finds it difficult to obtain a total of $20,000,000 for this first eighteen-month period and other Governments decide to reconsider their contributions with a view to giving more, then the Danish Government is prepared to consider a higher contribution of not more than the equivalent of $142,000 (i.e. $71,000 for each nine-month period).

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[96] David Weintraub, directeur de la Division de la stabilité et du développement économique, ministère des Affaires économiques (ONU).
David Weintraub, Director of Division of Economic Stability and Development, Department of Economic Affairs (UN).

(b) Venezuela is prepared to contribute between $35,000 and $50,000, but the Government has not yet decided what percentage of this might be convertible.

(c) Yugoslavia will probably contribute between $30,000 and $50,000, but it has not yet been decided what percentage of this might be convertible. The Yugoslav representative at the meeting said that his Government wished to take the most active possible part in the programme and they expected, as an underdeveloped country, to receive concrete assistance out of the programme.

(d) India announced a contribution of the equivalent of $250,000 entirely in rupees.

(e) Chile is considering a contribution of approximately the equivalent of $100,000.

3. There were several long periods of silence during the meeting because, as you will have noted, not many representatives were in a position to announce their Governments' contributions. Kotschnig said that if the total contribution should fall below $17,000,000, then the United States would "very definitely" have to reconsider their total contribution of $10,000,000 (with a view, supposedly, to giving less). The French representative, referring to his statement of last week, said that part of the French contribution might be convertible into other currencies, but definitely not into either United States dollars or Swiss francs.

4. Yates of the Secretariat[97] appealed to delegations to forward their formal acceptances and the credentials of their delegates to the conference as soon as possible (our teletype No. 336 of 26th May refers).† It was agreed that a further meeting would be held on Wednesday afternoon, 7th June.

5. The extreme importance was stressed by the Secretariat and several other speakers of all contributors making known their contributions at the meeting on 7th June. It was essential for the Secretariat and those participating in the Conference to know by that date at the latest the probable extent of total contributions so that they might inform their Governments and receive appropriate instructions for the Conference taking place five days later. It will be most embarrassing if we are not in a position to make even an informal statement on the 7th. We are looked to for much the largest contribution among those not yet announced. There is considerable anxiety about reaching the $20 million figure and our contribution may well mean the difference between success or failure. The United Kingdom, French, and Belgian representatives pointed out the importance for those who had established sliding scales for their contributions of knowing by 7th June the total to be expected. I shall be under constant pressure during the next few days and would be grateful to know whether you think any decision might be taken in time.

[97] Gilbert E. Yates, secrétaire du Conseil économique et social.
Gilbert E. Yates, Secretary of the Economic and Social Council.

371. DEA/5475-DU-1-40

Le délégué permanent par intérim auprès des Nations Unies au sous-secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations to Under-Secretary of State for External Affairs

CONFIDENTIAL New York, June 1, 1950

Dear Mr. Heeney,

I should like to refer to my telegram no. 346 of 1 June and previous communications concerning the Technical Assistance Conference which is to open at Lake Success on 12 June. The present expectation is that this Conference will last two to three days. Virtually the entire time, so far as I can discover, will be devoted to statements by participating countries as to the contributions which their governments will make. There will be present at the Conference members not only of the United Nations, but also members of other countries which are members of various Specialized Agencies, such as Switzerland and Italy. Almost certainly each member of the Conference will wish to make a speech, the length of the speech possibly varying inversely with the amount of the contribution. Aside from these announcements there is not likely to be much of substance on the agenda. No doubt there will be an opportunity for certain explanatory statements from the Secretariat about the program. Further definition of the program and of the completion of arrangements will be the responsibility of the Technical Assistance Board, which is to meet later in June, and of the Technical Assistance Committee, which will meet in Geneva during the early part of the Economic and Social Council.

2. It will be necessary for the Canadian Representative to make a statement of some kind, unless we are not in a position to announce our contribution. This statement should be carefully drafted and should, I think, be prepared as soon as possible. We may expect that there will be far too many ornate speeches in Spanish and other languages, and there is no need whatsoever for us to vie with the other speakers in oratory. Nevertheless we shall probably have to do something more than merely announce the size of our contribution. It seems to me appropriate that we make a succinct statement which includes:

(a) some expression of our belief in the principle of Technical Assistance and our expectation from the United Nations program;

(b) a comment in general on the nature of the technical facilities which we could provide, with possibly some reference to what has already been done in Canada on the regular program and for U.N. Fellows;

(c) a reference to contributions which we might be making for reconstruction in the Middle East and for the Commonwealth program in South East Asia; (Countries like the U.S., U.K., France, and Belgium will almost certainly emphasize the nature of their other commitments, particularly their commitments to their undeveloped territories, and we might wish to mention that a large part of Canada remains under-developed.)

(d) an announcement of the exact terms of our contribution, with any explanatory note that might be necessary as to the point which the contribution has reached in our constitutional machinery., i.e., whether it is subject to approval by Parliament or not.

3. These are very general ideas, based to some extent on my guess as to what other countries will be saying. We should bear in mind that sixty-odd people may be expressing their enthusiasm for Technical Assistance, and therefore what we say should be brief and pointed. Our statement might be considered primarily for home consumption. The Technical Assistance Conference has attracted a good deal of attention here and it is likely to be covered pretty thoroughly by the press. We should be glad to prepare an original draft for a statement in the Delegation but we should not wish to do so without knowing what you would wish us to say. Presumably a statement could not be considered in final form until a decision as to the nature of our contribution has been taken by Cabinet.

4. You will recall that with a letter written to you by Mr. Pierce on 6 March,† there were enclosed a draft final act of the Technical Assistance Conference and two draft resolutions prepared by the Secretariat. The Canadian Representative at the Conference would need instructions on the attitude he should take towards these documents. As I understand it, the documents stand as they did when they were given to Mr. Pierce in March.

Yours sincerely,

JOHN W. HOLMES

P.S. Copies of the documents referred to in paragraph 4 have also been sent to you as issued by the Secretariat under cover of our despatch no. 438 of 13 May.†

372. DEA/5475-DU-1-40

Le secrétaire d'État aux Affaires extérieures au ministre des Finances

Secretary of State for External Affairs to Minister of Finance

SECRET Ottawa, June 3, 1950

My dear Colleague,

I should be grateful for your views on the enclosed two draft memoranda of May 29† which have been prepared in this Department for submission to Cabinet: one on a Canadian contribution to the United Nations Expanded Programme for Technical Assistance to the Under-developed Countries; the other on a contribution to the United Nations Relief and Works Agency for Palestine Refugees in the Near East.[98]

2. The Technical Assistance Conference, at which participating governments will be expected to indicate the amount of their contributions, will begin on June 12,

[98] Voir le document 346./See Document 346.

1950, and it will therefore be necessary to bring before Cabinet next week the question of the Canadian contribution to the technical assistance programme. It would also be desirable to bring before Cabinet at the same time the question of the Canadian contribution to Palestine refugees as this is an urgent matter.

3. I think we should keep in mind at the same time the anticipated request for a Canadian contribution to the technical assistance fund which the recent meeting of the Commonwealth Consultative Committee in Sydney accepted in principle.[99] However, I should not think that any Canadian contribution to this fund would exceed five hundred thousand dollars for the first year of operation.

4. The enclosed draft memoranda recommend that $1 million be contributed to the United Nations Expanded Programme for Technical Assistance, and $1.5 million to the United Nations Relief and Works Agency for Palestine Refugees. Both contributions would be for the period ending December 31, 1951. The total sum which Cabinet may be asked to authorize within the year thus amounts to $3 million if my tentative preliminary estimate concerning a contribution to the Commonwealth fund is included.

5. The present is a critical phase in the struggle with the expansionism of Russian Communism. In Europe, Communism takes a form which is very familiar. In those parts of the world where political consciousness on a wide scale is comparatively recent, however, in South and South East Asia and in Latin America, it presents new problems. There the peoples, aware of their under-developed economies and conscious of their new national freedom are demanding assistance from the Western world and equality with its states. Many of these demands are, as you know, premature and excessive. But the communities from which they come are peculiarly open to the leadership of demagogues and, in particular, the skilful propaganda of Russian inspired Communist doctrine.

6. The only antidote to this danger, so far as can be seen, is the close association of these areas of potential revolution with the free democratic world by extending to them material assistance and organized technical guidance which will enable them to develop their resources and acquire, in doing so, the capacity to administer their own affairs. In the process there will be an opportunity to win their cooperation and to weaken the influence of Communism.

7. The proposals for assistance mentioned above have been drawn up after prolonged and, I believe, realistic study of what is needed and what can most effectively be done. The plans aim at putting an end to direct relief as quickly as possible and instituting programmes of self-help and responsibility. The inhabitants of these undeveloped areas will be trained and given the equipment to work and to learn to shoulder their own tasks in economic, social and political matters. It was this situation that was recognized by the Commonwealth foreign ministers at Colombo and was the basis of the Consultative Committee that was then established.

8. In face of the serious political problem created by the current situation in these areas, these three programmes represent, I think, a reasonable contribution from

[99] Voir le document 667./See Document 667.

this country. The undertaking is admittedly new and experimental, and the extension of technical assistance on this scale will be complex and difficult. At the same time I am convinced that it is in the Canadian interest to support it, and I am therefore most anxious to have your judgment on the proposal as a whole.

9. Your Deputy Minister might perhaps have a word with mine on this subject. However, I am anxious to discuss it with our Colleagues in Cabinet next week and I hope it will not be necessary to delay decisions on these important questions.

Yours sincerely,

L.B. PEARSON

373. DEA/5475-DU-1-40

Le délégué permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations to Secretary of State for External Affairs

TELEGRAM 360 New York, June 8, 1950

CONFIDENTIAL. IMMEDIATE.

Reference our teletype No. 346 of 1st June and previous correspondence — technical assistance.

1. On Wednesday, 7th June, Grande and I attended a third informal meeting called by the Secretariat to hear additional statements about contributions to the technical assistance programme. The following statements were made:

(a) After referring to Australia's commitments for technical assistance to South-East Asia, the Australian representative announced that his Government was prepared to contribute the equivalent of $600,000 in inconvertible Australian currency. The Australian Government may agree to the conversion of part of this contribution into other soft currencies and at the same time may restrict its use to certain groups of services.

(b) The Indonesian Government will contribute 463,000 Indonesian guilders, which is equivalent to approximately $122,000. Five percent of this will be convertible into other soft currencies, but not into United States dollars.

(c) The Iranian Government will contribute approximately the equivalent of $40,000, mostly in pounds sterling, the details to be worked out with the Secretariat.

(d) The Egyptian Government will contribute 28,500 Egyptian pounds, payable only in Egyptian funds. (The conversion rate is approximately $2.87 for each Egyptian pound.)

(e) The Italian representative, after stressing Italy's heavy commitments for national reconstruction, announced that his Government would contribute the equivalent of approximately $50,000. It will be decided later what portion of this may be convertible into hard currency.

(f) Switzerland will contribute, subject to Parliamentary approval, 1,000,000 Swiss francs, which is equivalent to $230,000. Except when special arrangements are made, this will have to be used for Swiss services.

(g) The Israeli Government will contribute 10,000 Israeli pounds, which is equivalent to $28,000.

(h) Korea will make a token contribution of $5,000.

(i) Ceylon will announce its contribution on Monday.

(j) The French Government has decided that in no case will its contribution be less than the equivalent of $1,200,000. If the total amount received is more than $20,000,000, then the French will consider giving even more.

(k) It is practically certain that the United Kingdom will give £700,000 in inconvertible sterling if the total amount contributed is at least $17,000,000. If the total is more than $20,000,000 the United Kingdom might then contribute more than £700,000.

2. I said briefly that although I was not in a position to announce the decision of the Canadian Government, I had every expectation that such an announcement could be made at the Technical Assistance Conference. For the purpose of calculation, however, I could say quite informally that I expected the Canadian contribution would be larger than its percentage of the United Nations budget (a point which the Secretariat and the Americans were anxious that I stress in order to encourage others) and that it would probably be in the nature of $750,000 Canadian. As no questions were asked about convertibility of our contribution, I thought it best to say nothing.

374. DEA/5475-DU-3-40

Le délégué permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations to Secretary of State for External Affairs

TELEGRAM 361 New York, June 8, 1950

CONFIDENTIAL. IMMEDIATE.

TECHNICAL ASSISTANCE CONFERENCE

1. I asked the Secretary of the Conference if the Canadian statement could be made on Tuesday, and he said that he thought this could be arranged. There is a good chance, I think, that the Monday sessions will be entirely taken up with statements by other countries. However, only twenty-three countries have declared themselves in preliminary meetings and I believe that there is a general reluctance to speak in the early stages. It may be, therefore, that it would be awkward for the Canadian representative to put off his statement until Tuesday. If necessary, of course, he could make a preliminary statement in which he would say that he would prefer to announce the decision of the Canadian Government on the follow-

ing day. It would be helpful, therefore, if the representative could be supplied by the time the Conference opens with a draft statement with the exact amount of the contribution left blank. If you could fill in this blank during the course of Monday, perhaps you might telephone the figure the minute it is available.

2. In my letter of June 1st to Mr. Heeney, I made suggestions as to the kind of statement which might be made. If at all possible, we should like to receive a draft by tomorrow so that there would be time for any changes which we might like to suggest as a result of our discussions with other delegations in New York.

3. You may prefer that the announcement of the Canadian contribution be made in Ottawa rather than Lake Success. In that case I should be grateful if you could let me know what arrangements will be made for making such an announcement so that the Canadian representative at the Conference could endeavour to time his speech accordingly.

4. Both the Secretariat and the delegation would be interested to know the name of the Canadian representative. Most of the representatives have now been announced in a paper put out by the Secretariat. For the most part, countries have named both representatives and alternate representatives. These representatives are either permanent representatives or Consuls-General in New York, or alternatively, members of Washington Embassies.

375. DEA/5475-DU-3-40

Le secrétaire d'État aux Affaires extérieures
au délégué permanent par intérim auprès des Nations Unies

Secretary of State for External Affairs
to Acting Permanent Delegate to United Nations

TELEGRAM 271 Ottawa, June 9, 1950

CONFIDENTIAL. IMMEDIATE.

Your telegram No. 361 of 8th of June. Technical Assistance Conference.

We have every confidence in your ability to draft a masterly statement to be made at the Conference. The purpose of this teletype is to transmit additional suggestions and to comment on the proposals contained in your letter of the 1st of June addressed to Mr. Heeney.

2. We agree that it would be appropriate for the Canadian statement to mention the four points made in your letter. You may like to have the following comments on the topics you proposed:

(a) With regard to your point (a), we believe that it would be worthwhile to include some of the opinions expressed in the "guidepost" memorandum which was sent to you recently. This memorandum is being revised in the light of the discussion at a meeting held here on Thursday the 8th of June. The revised memorandum will be sent to you before the end of the week. However, the opinions expressed in the first draft have not been substantially altered;

(b) With regard to your point (b), we feel that an indication should be given that the Canadian Government will pay serious attention to facilitating the recruitment of experts in Canada and the placing of trainees from abroad in Canadian industries and educational institutions. You might care to mention that Canada has had considerable experience in meeting the problems which arise in the course of developing an unexploited country and that this experience may be useful to the underdeveloped countries. You might also mention that Canada has been participating in the regular United Nations Programme of Technical Assistance although the scale of Canadian participation hardly justifies more than a passing reference;

(c) With regard to your point (c), you might say that the Canadian Government, like other Commonwealth Governments, has under consideration a recommendation that it contribute to the proposed Commonwealth Programme of Technical Assistance for the countries of South and South-East Asia;

(d) As you suggest in your point (d), it would be wise to inform the Conference that the announced Canadian contribution will be subject to approval by Parliament.

3. We will let you know by telephone on Monday, 12th of June, of the amount of the Canadian contribution.

4. Mr. Pearson has signed a Note† to the Secretary-General to inform him that you have been nominated as the Canadian Delegate to the Conference. This Note, along with a copy for you, will go forward in today's bag.

376. DEA/5475-DU-1-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], June 10, 1950

SIZE OF THE CANADIAN CONTRIBUTION TO THE UNITED NATIONS EXPANDED PROGRAMME OF TECHNICAL ASSISTANCE

In the memorandum on this subject which is to be considered by Cabinet on Monday, the 12th of June, it is recommended that the Canadian contribution to the United Nations Expanded Programme should be "either $1,000,000 or $750,000". It has been necessary to make the recommendation in this somewhat odd way because we have not been able to agree with the Department of Finance on the size of the Canadian contribution. Although the Department of Finance would be willing to support a recommendation for a contribution of $750,000, they are not prepared to concur in a recommendation of $1,000,000.

2. The reasons why we still are anxious that the Canadian contribution should be $1,000,000 are as follows:

(a) This is a matter in which we believe it is proper for Canada to give a lead to other countries.

(b) A contribution of less that $1,000,000 when set alongside the contribution of $500,000 which Mr. Mayhew has recommended as the Canadian share in the Commonwealth Programme of Technical Assistance for South and South-East Asia, would suggest that we regard the two programmes as of almost equal importance. (You will recall that contributions to the United Nations Programme cover an 18-month period, whereas the contributions to the Commonwealth Programme cover only a 12-month period).

3. There appear to be two reasons why the Department of Finance are unwilling to agree to a contribution of $1,000,000 to the United Nations Programme:

(a) They doubt whether it will prove possible to spend this amount of money in Canadian funds either in bringing personnel from the under-developed countries to Canada for training or in sending Canadian experts abroad.

(b) A Canadian contribution of $1,000,000 would be larger than an amount reached by dividing the United States contribution by 16, on the basis that the relation of the Canadian national income to that of the United States is approximately 1 to 16. It would also exceed the sum that would be reached by basing the Canadian contribution on the proportion which Canada is assessed for the regular United Nations budget. Since the United Nations Expanded Programme is expected to be a more or less permanent feature of United Nations activities, the Department of Finance are nervous about offering, as a first annual contribution, a sum larger than would be suggested by the application of either one of these two automatic criteria.

4. There is, of course, some substance in both arguments. It will be difficult to find in Canada either sufficient experts or places in training institutions to meet the requirements of the United Nations Programme and the Commonwealth Programme for South and South-East Asia. The proper answer to this argument, I believe, is that we must exert ourselves to make use of all our available facilities and, indeed, if need be, to expand them. However, the fact that the Department of Finance have shown no hesitation in agreeing to Mr. Mayhew's recommendation of a contribution of $500,000 for the Commonwealth Programme would suggest that the Department of Finance are more worried on the second score than on the first. You will, perhaps, want to point out in Cabinet, if this comparative argument is raised, that in considering the relation of the Canadian contribution to the United Nations Programme to that of the United States it would be appropriate to take into account the *total* amount being currently expended in the United States on technical assistance, both bilaterally and through the United Nations, as well as the total amount proposed as the Canadian expenditure in this field. When viewed in that light, a contribution of $1,000,000 to the United Nations Programme, together with a contribution of $500,000 to the Commonwealth Programme would not seem excessive. You might also wish to urge that it would hardly be fair for Canada to insist that its contribution to the Technical Assistance Fund of the United Nations should be kept within the figure indicated by the use of the formula which determines the Canadian contribution to the regular budget of the United Nations. The regular budget includes, of course, contributions from all the under-developed countries. Contributions from these countries to the Technical Assistance Fund

could not be more than token payments; and, even as such, they might be more of a nuisance than anything else.

5. If there is much opposition in Cabinet to a Canadian contribution of $1,000,000 room might be found for a compromise by suggesting that our contribution to the Commonwealth Programme be reduced to $400,000 a year, which would enable us to increase our United Nations contribution to $900,000 for the first eighteen months. The ratio between $400,000 for the Commonwealth Programme and $900,000 for the United Nations Programme would reflect more fairly, I believe, the relative importance of the two schemes. You may have noticed that a contribution of $750,000 for the United Nations Programme, spread over eighteen months, when set beside an annual contribution of $500,000 for the Commonwealth Programme, would suggest that we attach equal importance to the two schemes.

6. There are two considerations, however, which should make you cautious, I think, about proposing such a compromise. In the first place, unless in the course of the discussion you had secured Mr. Abbott's firm concurrence to a Canadian contribution of $500,000 for the Commonwealth scheme, the switch of expenditure which I have mentioned might result merely in a decrease of our contribution to the Commonwealth scheme without any corresponding increase in our United Nations contribution. Secondly, you may find that such a compromise would not prove attractive to the Department of Finance since, as I have suggested, what they seem to be concerned about is not so much the budgetary increase which our participation in the two programmes would involve this year, but rather the relation of our proposed United Nations contribution both to the United States contribution and to our assessment for the regular United Nations budget.

7. You might like to know that the Australian Government has already announced that it will contribute the equivalent of $600,000 (U.S.) to the United Nations Programme, or approximately $660,000 Canadian. This would be in addition to the contribution of some $2,400,000 which they have promised to the Commonwealth Programme.

E. R[EID]
for A.D.P. H[eeney]

377. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 158-50 [Ottawa, n.d.]

SECRET

CANADIAN CONTRIBUTION TO THE UNITED NATIONS EXPANDED PROGRAMME FOR TECHNICAL ASSISTANCE TO THE UNDER-DEVELOPED COUNTRIES

The Technical Assistance Conference will begin at Lake Success on June 12, 1950. Participating governments will be expected to state the amount of their contribution to the Special Account of the Expanded Programme for Technical Assistance to provide funds for the first year of the Programme's operation.

2. On December 21, 1949, Cabinet noted the report of the Secretary of State for External Affairs on the Expanded Programme for Technical Assistance of the United Nations, and approved Canadian participation in the Technical Assistance Conference.[100]

3. The Expanded Technical Assistance Programme was established by a unanimous General Assembly resolution in November, 1949. Its general aim is to help the under-developed nations to help themselves in improving their economic and social conditions. It does not provide for relief or free gifts.

4. The Special Account of the Expanded Programme will be used:

(1) to pay the salaries of the experts and advisers who will be sent to the under-developed countries to assist in development projects;

(2) to meet the cost of training students from the under-developed countries in the universities and industries of the more advanced countries;

(3) to set up pilot projects whenever appropriate.

5. The expanded Programme is a constructive United Nations plan to confer on the more backward peoples of the world some of the technical advantages of western production and organization, and thereby enable them to develop self-reliance and to learn how to improve their standard of living by their own efforts. This will, at one and the same time, meet the widespread demand amongst under-developed peoples for a share in the benefits of western progress and offer a concrete retort to the promises and allurements of Russian Communism.

6. Participation in the Programme will also extend the knowledge of Canadian technical achievement and assist in developing markets for Canadian exports. It will give an opportunity for Canadian experts to be employed in various fields abroad; and students coming to Canada for training under the Programme will take back with them firsthand knowledge of Canadian industry and production.

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[100] Voir *DREC*, volume 15, document 224 note 73./See *DCER*, Volume 15, Document 224*n*73.

7. Between 1940 and the end of 1949, the United States Government spent approximately $63,000,000 on various schemes for technical assistance, mainly in Latin America. On February 20, 1950, a Bill known as the "Act for International Development" was presented to Congress to finance President Truman's Point Four Programme. When final Congressional approval has been obtained, it is expected that an amount between $10,000,000 and $12,500,000 will be contributed by the United States to the United Nations' Programme for the eighteen-month period ending December 31, 1951. This Bill has been authorized by both Houses of the United States Congress, where it was agreed to support an appropriation of $35,000,000, covering both a bilateral programme and a contribution to the Expanded Programme of the United Nations. The Bill has been signed by the President and now awaits action by both Houses in the Appropriations stage.

8. It is *recommended* that the Canadian Government authorize a contribution of either $1,000,000 or $750,000 to the United Nations Expanded Programme for Technical Assistance for the eighteen-month period ending December 31, 1951.

9. It is further *recommended* that the Canadian contribution, in Canadian dollars, be deposited in Canada to the account of the Secretary-General of the United Nations and that withdrawals be subject to such conditions as may be agreed between the Secretary-General and the Canadian Government. In this regard, authorization is sought for the Minister of Finance and the Secretary of State for External Affairs to act jointly in the name of the Canadian Government.

10. A Technical Assistance Committee, composed of representatives of the 18 countries which are members of the Economic and Social Council, will exercise continuing supervision over the Programme. Canada will be a member of this Committee for 3 years and should therefore be able to ensure that the funds of the Programme are expended with the maximum effectiveness.

11. It is also *recommended* that the Department of External Affairs in consultation with other interested departments be directed to develop machinery to plan and co-ordinate Canadian participation in the Expanded Programme.

12. As a result of the recent meeting in Sydney of the Commonwealth Consultative Committee on South and South East Asia, at which a Commonwealth programme of technical assistance for that area was agreed on in principle, the Minister of Fisheries has recommended that Canada should also contribute to this additional programme of technical assistance designed to supplement the United Nations programme. This recommendation, and the amount and form of such a proposed contribution, remain to be considered by Cabinet at a later date.

378. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusion

TOP SECRET [Ottawa], June 12, 1950

. . .

UNITED NATIONS PROGRAMME FOR TECHNICAL ASSISTANCE;
CANADIAN CONTRIBUTION

7. *The Secretary of State for External Affairs* reported that the Technical Assistance Conference of the United Nations had begun that day at Lake Success. Participating governments would be expected to state the amount of their contributions to the special account of the expanded programme for technical assistance. The special account would be used to pay salaries of experts sent to under-developed countries to assist in development projects; to meet the cost of training students from under-developed countries; and to set up pilot projects where appropriate.

It was expected that the United States would contribute an amount between $10 and $12.5 million to the programme for the 18-month period ending December 31st, 1951. It was recommended that for the same period the Canadian Government authorize a contribution of either $1 million or $750,000.

An explanatory memorandum was circulated.

(Minister's memorandum, undated, Cab. Doc. 158-50).

8. *The Minister of Finance* thought that a contribution of $750,000 would be more strictly comparable with that of the United States than one of $1 million. There seemed no adequate reason for increasing the contribution beyond the strictly comparable figure.

9. *Mr. Pearson* was of the opinion that the United Nations programme and the one agreed on at the Sydney Conference of the Commonwealth Consultative Committee on South and South-east Asia had to be considered jointly. The United Nations programme was likely to be the more important and the Canadian contribution to it should be on a larger scale than to the Sydney programme. He had planned to recommend a contribution to the latter of $500,000. In the circumstances, however, it might be preferable to increase the contribution to the United Nations' fund by $100,000 over the figure suggested by the Minister of Finance and reduce the contribution to the Commonwealth fund accordingly.

10. *The Cabinet*, after discussion, approved the recommendation of the Secretary of State for External Affairs and agreed:

(a) that a contribution of $850,000 be made to the United Nations expanded programme for technical assistance for the 18-month period ending December 31st, 1951;

(b) that the contribution, in Canadian dollars, be deposited in Canada to the account of the Secretary-General of the United Nations and withdrawal be subject to conditions agreed between the Secretary-General and the Government; the Min-

ister of Finance and the Secretary of State for External Affairs to act jointly in the name of the Government for such purposes; and,

(c) that the Department of External Affairs, in consultation with other interested departments, develop a programme to plan and co-ordinate Canadian participation in the expanded programme.

. . .

379. DEA/5475-DU-3-40

Le délégué permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations to Secretary of State for External Affairs

DESPATCH 287 New York, June 15, 1950

Sir,

I have the honour to report on the Technical Assistance Conference, which completed its three-day session on Wednesday afternoon, 14 June. This conference was attended by representatives of forty-six United Nations member countries and eight other countries which are members of participating Specialized Agencies (Austria, Ceylon, Finland, Indonesia, Ireland, Italy, Korea, Monaco). None of the countries of Eastern Europe, with the exception of Yugoslavia, participated in the Conference. A Yugoslav resolution inviting the Government of the People's Republic of China to attend the Conference was defeated by a vote of 26 to 9 (Burma, Ceylon, Denmark, India, Indonesia, Israel, Norway, Sweden and Yugoslavia), with 13 abstentions (Australia, Austria, Egypt, Finland, France, Lebanon, Monaco, Netherlands, Pakistan, the United Kingdom, Switzerland, Syria and Yemen). According to unofficial estimates the approximate sum total of contributions pledged at the Conference is the equivalent of $20,012,500 (U.S.). It is hoped that further contributions will be received from states which were not able to pledge anything at this time. South Africa and Ireland, for instance, have yet to announce how much they will contribute to the Special Fund.

2. The Conference was almost entirely devoted to the hearing of statements of varying lengths announcing how much each government was prepared to contribute for the first period of the expanded program ending on 31 December, 1951. As expected the length of the statement varied inversely with the amount of the contribution in most cases. Some statements, such as that of Mr. Fabregat[101] of Uruguay, took us step by step through the complete economic development and history of the country concerned. (Mr. Fabregat also announced that as a gesture of goodwill and international solidarity his Government was giving to each of the members present a free copy of a Uruguayan Government booklet telling us how great were the achievements of Uruguay in various relevant fields.) Other statements, notably that

[101] Enrique Rodriguez Fabregat, représentant de l'Uruguay auprès des Nations Unies.
Enrique Rodriguez Fabregat, Representative of Uruguay to United Nations.

of Sir Carl Berendsen of New Zealand, consisted of about ten words agreeing with the resolutions and announcing the amount of the contribution.

3. The Indian statement was perhaps the keynote address on the part of the under-developed countries. Mr. Saksena[102] emphasized that the "wherewithal" to carry through the Technical Assistance Program would have to be provided by the wealthier members of the international community for some time to come. He seemed somewhat disappointed that the "giving" countries were not giving more and thus, presumably, that the receiving countries would not be able to receive more. "What we need," said Mr. Saksena "is 'dynamic action'." The under-developed countries could not be expected to make more than a token contribution as a gesture of their interest and goodwill. Let us hope, he said, that the doubts and fears which several countries had about the shortcomings of the expanded program would be dispelled by the events of the future. He found ominous the use of the words "modest" and "gradual" — a remark which might well have been inspired by the canny approach of the Canadian Delegation. The Colombian representative struck a slightly sour note by referring with some bitterness and in vague terms to a recommendation of a Senate Sub-Committee in Washington regarding coffee production in American countries. At the following meeting Mr. Kotschnig assured the Colombian Delegation that any action to be taken in Washington would certainly reflect the United States' traditional concern for the welfare of its neighbors. It is worthy of note that the Bolivian representative referred in grateful tones to the Technical Assistance Mission which is at present in his country. In this connection he mentioned Dr. Keenleyside who heads this Mission.

4. I think it fair to say that most of the Delegations and the Secretariat officials concerned were generally satisfied with the results of the Conference. After some last minute additional contributions the Conference was able to announce that it had reached the goal of $20,000,000 which it had set for itself. This, of course, is considerably less than what was expected at the beginning of 1949 when this expanded program was first contemplated. However, it is generally believed that $20,000,000 is all that the program can spend effectively in this first 18-month period.

5. I am enclosing a list† of the approximate contributions pledged by each country at the Conference. It probably will be extremely difficult to administer the smaller contributions which have been pledged by several countries and which are not convertible. Nevertheless, the emphasis in the past several months has been on universal giving and it was in this spirit that such countries as Korea and Haiti and bankrupt Nationalist China announced token contributions which are very small. The Americans were particularly anxious to raise the total of non-United States contributions in order to impress Congress.

6. The Technical Assistance Board will now meet to consider specific requests for technical assistance. It is expected that the Board will report to the Economic and Social Council through its Technical Assistance Committee at the end of this

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[102] Ramji Ram Saksena, représentant suppléant de l'Inde auprès des Nations Unies.
Ramji Ram Saksena, Alternate Representative of India to United Nations.

month. The official report of the Conference will be forwarded to you as soon as it has been circulated. You will have noted from the very full reports which have been carried on the United Nations teleprinter wire that the two resolutions on contributions and on allocations were approved unanimously.

I have, etc.,
J.W. HOLMES

380. DEA/5475-DU-1-40

Le délégué permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Delegate to United Nations to Secretary of State for External Affairs

DESPATCH 340 New York, July 15, 1950

CONFIDENTIAL

TECHNICAL ASSISTANCE PROGRAM

1. I have had an interesting talk with Mr. Gordon Menzies, Acting Chief of the Technical Assistance Section of the United Nations Secretariat, about the Canadian role in the Technical Assistance Program. Some time ago Menzies asked me to have a talk with him, but in view of the pressure of other events, and the absence of Mr. Grande on leave, I was unable to see him until Wednesday of this week. Menzies, who is an Australian, direct in manner like his compatriots, began by saying (in an informal and friendly manner which should not be resented) that Canada seemed to be "dragging her feet" with regard to Technical Assistance. He quickly added that Australia was doing even worse, and he intended having a straight forward talk about this with "Bob Menzies", (no relation, I presume) when he came to New York next week.

2. To begin with, Menzies said he was disturbed by a communication which the Secretary-General had received from Ottawa, to the effect that we would not be using very much pressure to supply experts for the program. I said that I thought he must have misinterpreted our views. He thereupon produced a file on which I could see a communication that had obviously come direct from the Department. When Menzies glanced at the communication, he seemed a little less positive in his interpretation of the Canadian views and implied that this was not the communication to which he had referred. I have not been able to find copies on our files of any recent communications from the Department to the Secretary-General on the subject of Technical Assistance.

3. Menzies' principal point was that we in Canada had not yet taken steps to establish a national organization to handle the Technical Assistance Program, and in particular to handle a Program which would account for $850,000 in 18 months. He summarized briefly for me a memorandum which he had just prepared for Mr. David Owen to circulate to the ECOSOC Representatives at Geneva. This memo-

randum proposed an elaborate machinery in the principal contributing countries. Menzies recommended the establishment of an inter-ministerial committee with a Secretariat. This committee would not only coordinate the work of Government Departments, but would also reach out to establish contact with universities, engineering and scientific societies, private industry, and, in our case, provincial governments. He thought that panels might be set up which would include representatives of various non-governmental organizations. The panels would be useful not only for finding experts and facilities for training, but also for coordinating technical information arising out of Canadian experience, which might be provided for other Governments. In other words, he seemed to envisage that the Technical Assistance Program could be furthered not only by the provision of people, but also by the provision of documents and reports. Furthermore, he thought that the panels would be useful in spreading word about the Technical Assistance Program and in animating interest and support among the people as a whole. He suggested that consideration might be given to the possibilities of making use of national contributions to the special fund to cover the expenses of maintaining the staff to deal with Technical Assistance.

4. Mr. Menzies went on to say that they were looking more to Canada than to almost any other country for Technical Assistance. They had now received 141 requests for assistance, and were finding it extremely difficult to secure the persons or the facilities. In the first place, most of the requests were for English or French-speaking experts, and this qualification limited the number of countries which could be helpful. Furthermore, there were all kinds of political difficulties. Pakistan and other Moslem countries had indicated that they would not welcome Jews as experts. Some Arab countries would not have Americans or nationals of any country which had, in their view, supported Israel. In some cases there were prejudices against the Dutch, the British, or the French. Canadians were about the only people that everyone was prepared to accept.

5. Mr. Menzies went on to say that the Secretariat were determined to maintain the integrity of the Technical Assistance Program by providing only the best experts available. Already they were forced to resist special pleading. He mentioned that the French were very active in putting forward their candidates, and were trying to persuade countries to make special requests for French technical assistance. He concluded with a strong plea to us to realize that people were our best export, and that, although he perhaps ought not to say it, we should realize the good-will towards Canada which would be created by our active participation. He cited, for instance, the "enormous good-will" towards Canada created by Dr. Keenleyside in Bolivia.

6. I told Mr. Menzies that there was no absence of belief in the Technical Assistance Program in Canada, and that there was a very sincere desire to do all we possibly could, evidence of which was the very substantial contribution we had made. We were faced, however, with serious problems. The machinery which he mentioned was certainly desirable, and would accomplish a great deal. However, it was very difficult to set it up by a wave of the hand. There was extremely heavy pressure upon our civil servants, and however desirable inter-departmental committees might be, they were not easy to form. I pointed out, furthermore, unlike the

French who might have a number of unemployed experts, we were still in the process of a phenomenal expansion in Canada which meant that there were very few Canadian technical experts available for employment, and that there was also extremely heavy pressure upon experts in the Government service.

7. I should be grateful if you could let me know what plans are being considered for handling technical assistance matters in Ottawa.

J.W. HOLMES

381. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 302-50 Ottawa, December 27, 1950

CONFIDENTIAL

CANADIAN PARTICIPATION IN TECHNICAL ASSISTANCE PROGRAMMES

On June 12, 1950, the Cabinet authorized a contribution of $850,000 for the first eighteen months' operation of the United Nations Expanded Technical Assistance Programme and instructed the Department of External Affairs, in consultation with other interested departments, to consider what steps should be taken to develop machinery to plan and coordinate Canadian participation in this project. At the same time, the Cabinet authorized a Canadian contribution of $400,000 for the first twelve months' operation of the Commonwealth-sponsored Technical Assistance Programme for South and South-East Asia, which has since become known as the Colombo Plan for Technical Co-operation in South and South-East Asia.

2. It is considered that any machinery set up within the Canadian Government should coordinate all Canadian activities with regard to technical assistance either

(a) with the United Nations or its Specialized Agencies;

(b) with the Bureau of the Co-operative Plan for Technical Assistance to South and South-East Asia; or

(c) in response to direct requests from foreign governments.

3. It is recommended that a unit should be located in the Department of Trade and Commerce which should have responsibility for its administration. A standing interdepartmental group on technical assistance should be established to whom the director would report regularly with regard to the operation of the unit and from whom he would regularly seek guidance with respect to policy. Members of this interdepartmental group should be drawn from External Affairs (which should provide the Chairman), Labour, Trade and Commerce, Agriculture, Finance, Mines and Technical Surveys, National Health and Welfare, the Bank of Canada and the Civil Service Commission. The interdepartmental group should have access to the Interdepartmental Committee on International Organizations.

4. It is further recommended that:

(a) It should be drawn to the attention of all federal government departments and agencies that their co-operation, both in respect of encouraging employees to accept temporary positions abroad under these programmes and in making available to trainees facilities in their fields of activity, is essential for effective Canadian participation in the technical assistance programmes. The importance attached to the success of these programmes may justify sacrifices on the part of some government departments.

(b) It should be drawn to the attention of federal civil servants that, when a federal civil servant with the consent of his department accepts a temporary appointment under an approved technical assistance scheme, his civil service position will be held open for him. The seniority of the employee on loan will not be affected. Superannuation rights and benefits will be maintained, but the six per cent contribution will be levied only on the amount of his civil service salary at the time of his recruitment. Everything possible will be done to ensure that he will be at no disadvantage by reason of his absence. A civil servant recruited under the Colombo Plan will receive special allowances over and above his regular salary to compensate for added responsibilities, inconvenience and increased expenditures.

(3) Canadians who may be recruited to go abroad under the Colombo Plan for Technical Co-operation will come within the definition of "residents" as set forth in Section 127 (iii) of the Income Tax Act. Further, such employees will also be "officers or servants of Canada" for purposes of the application of the Income Tax Act. The salaries or wages of these employees will consequently be subject to tax in Canada but any "special allowances received in respect of their period of absence from Canada" come within the exemption provided by Section 5(B)(iii) of the Income Tax Act and will be exempt from income tax.[103]

[103] Approuvé par le Cabinet, le 28 au 29 décembre, 1950./Approved by Cabinet, December 28-29, 1950.

8e PARTIE/PART 8

CACHEMIRE
KASHMIR

382. DEA/50015-40

Le secrétaire d'État aux Affaires extérieures
à la délégation auprès de la conférence du Commonwealth

Secretary of State for External Affairs
to Delegation to Commonwealth Conference

TELEGRAM 2[104] Ottawa, January 6, 1950

TOP SECRET. IMPORTANT.

KASHMIR

Following for Mr. Pearson from Heeney. There have been no further developments of importance in New York in regard to Kashmir since Security Council meeting at which McNaughton tabled his proposals. Replies of both parties have been exchanged, and McNaughton has received and transmitted comments of each party on reply made by the other one. These comments have not indicated any reasonable hope of amending proposals made by McNaughton to satisfaction of both parties.

2. Security Council has not yet been called for meeting in January on Kashmir. Riddell suggested informally to Smith that, if no obvious purpose was to be served by holding a meeting immediately, it might be preferable to defer further discussion of Kashmir in Council until after Colombo Conference. This suggestion was passed on to U.K. and U.S. representatives in New York who seem mistakenly to have taken it as a proposal that discussions be transferred to Ceylon Conference. They referred it to their governments which, as might have been expected, objected to any action which seemed to be taking the subject out of the hands of the Security Council. They agreed, however, that there might be considerable advantage in postponing a further meeting of the Council on Kashmir until the Conference in Colombo had been concluded. It has been agreed that this course of action will be suggested to Tsiang. Since Tsiang will certainly have an uncomfortable time whenever the Council meets, he may well concur in the suggestion for postponement.

3. Delegation is uncertain in regard to plans of Bajpai and Zafrulla Khan. Bajpai hinted that he might soon be returning to India, adding that he thought it unlikely that he would go to Ceylon. Zafrulla Khan has gone to Washington on a visit, and it is unlikely that he will go to Ceylon unless it becomes certain that Kashmir will not be discussed in Security Council until Colombo Conference is over.

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[104] Note marginale:/Marginal note:
Text of this telegram was reviewed and approved at meeting held on Friday Jan[uary] 6 attended by Mr Heeney, Mr Feaver, Mr Holmes, Mr Weld and myself. R.G. R[iddell].

4. McNaughton and Smith believe that no further progress can be made in negotiations until there is a basic change in the attitude of one or other of the parties. They consider that India is deliberately attempting to prevent a plebiscite from being held in the hope that force of circumstance will finally lead Pakistan to accept partition. Pakistan on the other hand will continue to hold firm to original commitment that future of Kashmir as a whole shall be settled by plebiscite. They think, therefore, that before further progress can be made, position of parties must change in one of two ways. Either India must accept arrangements which will make it possible for plebiscite to be taken, without prior commitment being given in regard to partition (with possible exception of Pakistan suggestion that minor border adjustments might take place following plebiscite); or alternatively, Pakistan must agree to settlement by partition either before or after plebiscite is held. Delegation does not believe that any mere adjustment in text of resolution as it now stands will result in agreement.

5. Meanwhile, during McNaughton's absence in Newfoundland, Delegation continues to be pressed by United States and United Kingdom for agreement that he should continue to act as mediator. If McNaughton were to accept, it seems certain that some means could be found to extend his mandate. He has insisted, however, that he will not consider continuing to act unless he is specifically requested to do so by both parties and unless at the same time one or both of the parties indicates a modification of position which would make it possible for him to proceed with some chance of success.

6. I am advising General McNaughton to hold firmly to this position. As matters now stand, therefore, I do not think it probable that he will be requested to accept further responsibilities in regard to Kashmir. Meanwhile, we have been wondering whether there is any possibility of securing a renewal of the negotiations. It has occurred to us that there might be some possibility of securing agreement between Indian and Pakistani representatives at Colombo to some formula which would make it possible for negotiations to proceed. Before you left Ottawa, you suggested that a United Nations mediator with general terms of reference might be agreed upon. It seems to us, however, that functions of such a mediator would almost certainly have to be within the framework of the provisions of UNCIP resolutions accepted by both sides. In other words, he should be instructed to secure agreement between the parties to conditions which would make it possible to demilitarize Kashmir and proceed with the plebiscite, and to formulate any other proposals for a general settlement on which the parties might agree. This last clause in his terms of reference might enable him eventually to broach the question of partition, but only as a part of the plebiscite procedures, or as a proposal arising out of the results of the plebiscite. You are aware of course that United Kingdom and United States authorities both consider that best course now would be to put pressure on India to modify its position.

7. It occurs to us that you might find that question of McNaughton's future role in the negotiations, if any, would provide the occasion for discussions with Indian and Pakistani delegations. This is one reason why we thought it preferable for next meeting of the Council on Kashmir to be postponed, at least until Colombo Conference had convened, if that is possible. Ends.

383. DEA/50015-40

Le secrétaire d'État aux Affaires extérieures
à la délégation auprès de la conférence du Commonwealth

Secretary of State for External Affairs
to Delegation to Commonwealth Conference

TELEGRAM 4 Ottawa, January 7, 1950

TOP SECRET. IMPORTANT.

Following for Mr. Pearson, Begins: Following is text of teletype No. WA-42 received from Washington today concerning Kashmir.
Text begins: Secret. Kashmir Dispute.

1. Mr. Acheson said yesterday to the British Ambassador and myself that he had just despatched messages to our two Foreign Ministers on this subject. He strongly favours the continuation of General McNaughton's efforts on behalf of the Security Council. In his view the next stage, to be achieved as promptly as possible, should be for General McNaughton to prepare a concise statement setting forth the points of difference which are preventing progress towards a settlement on the lines approved by the Security Council. This statement should narrow the issues and reveal exactly what specific points must be overcome by compromise or concession by either or both of the parties to the dispute.

2. I understand that the message to Mr. Pearson was despatched to the United States Embassy in Ottawa last night with instructions to deliver it to the Department at once for transmission to Mr. Pearson in Colombo. I gather that its general tenor is to urge Mr. Pearson (and Mr. Bevin in the similar message sent to him) to use every endeavour to bring the parties together.

384. DEA/50015-40

Le secrétaire d'État aux Affaires extérieures
à la délégation auprès de la conférence du Commonwealth

Secretary of State for External Affairs
to Delegation to Commonwealth Conference

TELEGRAM 6 Ottawa, January 7, 1950

TOP SECRET. IMPORTANT.

Following for Mr. Pearson, Begins: Reference my immediately preceding telegram No. 5.†
Following is text of message to you from Mr. Acheson delivered today by United States Embassy. Message begins:

The United States Embassy has received the following message from Mr. Acheson for Mr. Pearson.

"I have been gravely troubled by Patel's[105] statement of January fourth that the relations between India and Pakistan have become so strained that they are capable of provoking war. Coming as they do in the midst of an economic war between the two dominions and the lack of progress in current effort to reach a solution in the Kashmir dispute, Patel's words may have a prophetic ring. As you know, General McNaughton has been doing his best by direct talks in New York to bring the parties together on a preliminary agreement which will lay a basis for a final solution in Kashmir. Despite his earnest efforts, he has not so far been able to make much headway although Pakistan has proved more cooperative than India, and it looks now as though some additional impetus is necessary to remove the obstacles to the successful continuation of these mediatory efforts. It is unthinkable that these two members of the Commonwealth should reach a stalemate in negotiations when both parties have agreed on the ultimate objective that the fate of Kashmir shall depend upon the freely expressed will of the people.

"I would strongly urge therefore that you take the opportunity provided by the Colombo Conference to have a thorough discussion of the problem with both sides and use your influence to bring the Indians to a full realization of the necessity of continuing negotiations on a real give and take basis until a satisfactory solution is reached. I am seeing Mrs. Pandit[106] and Bajpai on Monday and shall emphasize this point to them."

The Embassy understands Mr. Acheson has sent a similar message to Mr. Bevin.

385. DEA/50015-40

Le chef de la délégation auprès de la conférence du Commonwealth au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to Commonwealth Conference, to Secretary of State for External Affairs

TELEGRAM 2 Colombo, January 11, 1950

TOP SECRET

Following for Heeney from Pearson, Begins: United States Ambassador to Ceylon [Joseph C.] Satterthwaite also delivered to me copy of Acheson's message referred to in your telegram No. 4. I told him that I would take advantage of any suitable opportunity to discuss Kashmir with Nehru.

2. I had a short talk with Bevin about this matter. He had as you know received similar message. He, and more particularly Noel-Baker, are worried that any official discussion of this subject here might give the Indians excuse to say that negotiations are being transferred from Lake Success to Colombo and thereby add to the delay which some think the Indians are trying to prolong. I told Bevin I thought

[105] Vallabhbhai Jhaverbhai Patel, vice-premier ministre de l'Inde.
Vallabhbhai Jhaverbhai Patel, Deputy Prime Minister of India.
[106] M^me^ Vijayalakshmi Pandit, ambassadrice de l'Inde aux États-Unis.
Mrs. Vijayalakshmi Pandit, Ambassador of India to United States.

that a personal talk with Nehru need not involve this (danger?). Bevin will have such a talk but not until after Acheson has seen Bajpai in Washington and he has received a report on that talk. He is profoundly distressed about the Kashmir situation and much more pessimistic about developments than Noel-Baker. He is particularly worried about economic war between the two countries which seems to be taking place. His pessimism may be in part due to his fatigue and physical condition but he was very dubious about any intervention with Nehru having slightest effect.

3. Meanwhile, I read with interest your telegram No. 2. I think it is important to maintain position which you outline. McNaughton cannot continue any mediation work except on conditions mentioned. I will certainly stress that fact with Nehru when I discuss this matter with him. Ends.

386. DEA/50015-40

Le chef de la délégation auprès de la conférence du Commonwealth au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to Commonwealth Conference, to Secretary of State for External Affairs

TELEGRAM 7 Colombo, January 13, 1950

TOP SECRET. IMMEDIATE.

KASHMIR

Following for Heeney from Pearson, Begins: I have not heard anything from United States Ambassador here regarding Acheson - Bajpai talk and I assume you have had nothing from Wrong. However, Mr. Bevin showed me yesterday a telegram reporting on this conversation which he had received from Franks. The report was very unsatisfactory in so far as bringing United States pressure to bear on India was concerned. Apparently Mr. Acheson merely listened to Bajpai.

2. This evening I spent an hour and a half alone with Nehru at his room in Government House nearly all the time discussing Kashmir. He was perfectly willing to talk and was in a very frank and friendly mood. He went over the whole history of the question as seen by him, adding a few details to those which we received from him in Ottawa. He feels McNaughton proposals as presented are even less acceptable than suggestions made by UNCIP and though he does not blame McNaughton in any way and respects him as a sincere and honest mediator he feels that it was too much to expect an agreed solution to this terribly complicated and passionately argued problem to be reached in ten days or two weeks. I pointed out to him that General McNaughton had acted merely as President of Security Council and now that he had vacated that position neither he nor Canada had any further special responsibility in the matter. I said that General McNaughton would not continue to act as mediator unless:

(1) The Security Council pressed him to do so and

(2) Unless India and Pakistan pressed him to do so and

(3) Unless there was some chance of a successful result.

After listening to Nehru I feel these conditions were not likely to be fulfilled and I told him so. In considering I feel pretty strongly that we should not accept any further responsibilities in the matter and that General McNaughton should be told this. I will inform the United Kingdom people here.

3. I pointed out to Nehru that it was now almost inevitable, I thought, that there would be a full dress discussion before the Security Council and that this would have unhappy results. He thought that this might now have to take place but he regretted it as, to use his own words, "there would be a lot of mud slinging." He thought that the only way such a debate could be avoided would be by appointment by Security Council of a mediator with general and comprehensive terms of reference who would go to Pakistan and India and try to mediate there on the spot with ample time to do so. He admitted that this had been tried by UNCIP without success but felt that a qualified individual might do better. He still proclaims fervently that the future of Kashmir can not, repeat not, be settled by arms or aggression and that people must decide by their own choice as to whether they wished to belong to Pakistan or India. He, of course, feels as strongly as ever about the initial moral guilt of Pakistan and has not, I think, given up hope that somehow in some way Kashmir may avoid becoming part of that country. I emphasized to him that meanwhile the situation seemed to be freezing and that India was losing in world opinion and prestige by recent developments. I did my best to emphasize deplorable character of present position. Nehru completely agreed with me but we did not get any further than that. Nehru made one remark which made me less disposed than I might otherwise have been to take a stronger line. He said Bajpai in his interview with Acheson made the suggestion that I mentioned above, that a mediator should be sent to India. Acheson did not turn it down or stand on the McNaughton proposal but, according to Nehru, indicated that there might be something in Bajpai's idea. If this is noncommittal line which United States is taking on this matter, while giving us the impression of bringing pressure to bear on India, I think that we should be very careful about not, repeat not, going too far either with India or with Pakistan. In any event, I do not think that I made much impression on Nehru tonight and possibly it was just as well after an hour or so that we switched subject to the nature of Communism, the wickedness of the Soviet and the estimable quality of the Canadian people. Ends.

387. DEA/50015-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation auprès de la conférence du Commonwealth

Secretary of State for External Affairs
to Chairman, Delegation to Commonwealth Conference

TELEGRAM 20 Ottawa, January 17, 1950

TOP SECRET. IMMEDIATE.

Following for the Minister from Heeney, Begins: Your telegram No. 7, January 13, Kashmir.

2. When Acheson saw Bajpai and Mrs. Pandit on January 9th in Washington, Bajpai stated (according to the summary which we received from Wrong) "that the positions of the two parties to the dispute regarding the Azad Forces and the northern areas are irreconcilable, and that no further purpose could be served through further discussions with General McNaughton. He said that the question should now be considered by the Security Council and that the next step should be the appointment by the Security Council of a mediator who should go to the Sub-continent with broad terms of reference to settle the problem. These terms of reference should be broad enough to include as an eventual solution partition with a plebiscite limited to the vale of Kashmir. However, since the public on the Sub-continent is not yet ready for such a solution the idea would have to be developed gradually out of fairly protracted negotiations."

3. We have no information as to what reply Acheson made on that occasion.

4. Austin in New York formally presented Acheson's reply to Bajpai on January 13th. Wrong sent to us a summary of the operative parts of this reply and indicated that the United States Ambassador in Colombo was passing it on to you.

5. In order to ensure that you have the actual text of the operative part, I shall quote from telegram No. 35 of January 16th† from McNaughton which states that Austin used the following words on behalf of Acheson. Text begins:

"1. After careful consideration I have concluded serious deterioration Indo-Pakistan relations requires earlier visible progress toward Kashmir settlement than he envisages. Most reassuring move for people of subcontinent and for world opinion would be agreement on program for demilitarization Kashmir. Security Council appointment mediator without concomitant agreement demilitarization would contribute little or nothing to removing fears or lessening tension.

"2. I consider it essential that discussions with McNaughton be continued in New York until agreement reached. In my opinion proposals which McNaughton has put forward afford realistic approach to problem at this stage and practicable basis for further negotiation. According information available here, Indian reply these proposals contains nothing new and moves away from rather than toward settlement. From motives friendship and good will I urge reconsideration by Government of India.

"3. If McNaughton efforts fail owing Indian rejection will be third consecutive time India has refused accept finding impartial United Nations agent. Pakistan however accepted UNCIP arbitration recommendation and we understand has accepted proposals McNaughton has put forward. In these circumstances if India should terminate McNaughton's efforts, we would support in the Security Council his present proposals or such further proposals as he might put forward as a consequence of subsequent discussions with the parties and would in light his recommendations support Security Council action necessary to overcome present deadlock". Text ends.

6. In reply, Bajpai, whose attitude was very cool, merely asked whether Acheson's message might be construed as a threat. Austin assured him that it was "not a threat but simply a statement of fact."

7. My next succeeding telegram† gives the full text of the message sent by Nehru to Bajpai following receipt of Acheson message. It indicates that Nehru reacted strongly to United States pressure and stated that his Government does not consider that further negotiations at Lake Success, at this stage, are likely to lead to any fruitful result.

8. We learn that the next meeting of the Security Council which was to have taken place on Friday, January 20, will probably be postponed until the following week as United States authorities are anxious to allow Nehru time "to cool off", while at the same time working to induce him to modify his position.

9. General McNaughton is being informed in accordance with your instructions of your view that he should not continue in any mediatory role. At the Security Council meeting he intends to table the Indian and Pakistan replies and offer no comment. Ends.

388. DEA/50015-40

Le ministère des Affaires extérieures
au secrétaire d'État aux Affaires extérieures, Singapour

Department of External Affairs
to Secretary of State for External Affairs, Singapore

TELEGRAM 111[107] Ottawa, January 25, 1950

SECRET

KASHMIR

Following for Mr. Pearson from Heeney, Begins: Persistent reports from United Kingdom sources have been reaching General McNaughton in New York and Canadian Embassy in Washington to the effect that you have agreed with Noel-Baker on course of action in regard to Kashmir. Suggestion is that full-dress debate on Kashmir take place immediately in Security Council on basis of McNaughton

[107] Copie envoyée à New York le 26 janvier 1950, N° 60.
Repeated to New York on January 26, 1950 as No. 60.

proposals, including strong statements by United Kingdom, United States and other delegations, as a result of which India might accept compromise formula to be discussed with mediator. In the expectations that these hopes will be fulfilled, McNaughton should be asked by Security Council to continue negotiations between two parties on the basis of his proposals. U.K. sources also suggest that, since events may be expected to develop in this manner, you and Noel-Baker agree that McNaughton can and will continue to act.

2. We have informed McNaughton that we have not (repeat not) received any information from you that would confirm these reports. We are also proposing to tell him that, in the absence of further instructions, he should inform friendly delegations in New York that he has not (repeat not) been given any indication that Indian Government wishes him to continue to act or would regard it as helpful if he did so. He should add that he has not (repeat not) received any indication that attitude of either party has changed in a manner which would enable him to secure agreement between them on the basis of his proposals, nor indeed on any other basis. He should, therefore, request his friends in the Security Council not (repeat not) to propose that he continue with his role as mediator. If such a proposal is nevertheless made in the Security Council, he should state that, though as President of the Security Council he was glad to seek basis for agreement between parties, he regards his mandate as having terminated with his presidency, and that after careful examination of the circumstances, he does not consider that useful propose would be served by asking him to continue these functions.

3. Security Council is called for Wednesday, February 1. Unless we hear from you to the contrary, we will advise McNaughton to hold to the position as outlined in this telegram.

4. We understand that McNaughton still holds firmly to the view that his conditions should be fully met before he would agree to continue negotiations, and that he sees no evidence as yet that they will be met. Ends.

389. DEA/50015-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 25 New Delhi, January 26, 1950

SECRET

Following for Heeney from Chipman, Begins: Minister, who left yesterday for Rangoon, wishes me to tell you the following regarding Kashmir. At all interviews, both in Karachi and in New Delhi, Pearson stressed the tragic nature of continuing deadlock and its effects on economies and national interests of the two countries.

2. He found the feeling everywhere in Karachi very strong, though Prime Minister more reasonable than others, but general despair of any solution.

3. In New Delhi he found, contrary to view of Noel-Baker, that Patel, on whom we called on Monday, was even more rigid than Nehru whose expressions have been less stiff than expected. Bajpai, in interview to be mentioned below, also said this is so.

4. Patel strong on Pakistan aggression also on vast problem for India of new refugees, particularly from Jammu if Kashmir went entirely to Pakistan. On claim of Pakistan to represent Moslems, he commented that on racial basis there are more Moslems in India than in Pakistan. Minister of Health, otherwise mild, also uncompromising. Pearson found this attitude typical of people on this level. Governor General seemed very saddened by general outlook.

5. Tuesday evening we saw Bajpai who expressed view that there is no further hope in present United Nations negotiations. He mentioned his interview with Acheson when he (Bajpai) suggested mediation and he reminded Pearson of similar suggestion to him on train journey prior to Nehru's Ottawa visit. On present occasion Bajpai evidently had in mind mediation of type described by Nehru in paragraph three of Pearson's telegram No. 7 of January 13th to you. Pearson indicated he could not quite see just what such a mediator might accomplish; Bajpai on his part did not make clear just what issues mediator would be expected to resolve. It seemed obvious that he had in mind a mediation not so much to effect demilitarization preparatory to total vote, as rather to bring parties together on a fresh basis. At first he said he did not see how the Security Council could pass any useful resolution, but later seemed to suggest it might possibly ask each party to appoint a representative who with the other might choose a third with a view to seeing if a solution could be reached.

6. Bajpai said, though it cannot be stated aloud, no solution is possible along the lines of single Kashmir-wide plebiscite: Gilgit and Azad portions should go to Pakistan, Jammu to India, and plebiscite should be restricted to Vale of Kashmir.

7. Bajpai does not think religion is the only factor in Kashmir Valley. Other considerations cut across religious divisions.

8. The question of present suspension of negotiations at Lake Success came up. Pearson referred to suppositions that suspension was either because of Rau's desire to come back for 26th, or because hope that Pearson might explore possibility of bringing parties nearer agreement but Bajpai said Rau had not intended to come. Pearson then stated, if hopes referred to were reason, he did not wish to be looked to as a cause of further suspension of Council activity; and that while Canada does not wish to shirk responsibility, yet in present impasse he feels strongly that we should pull out with McNaughton, as conditions for his further action appear unfulfillable.

9. Bajpai had not yet seen Nehru but left to visit him.

10. In talking to Patel and Bajpai, and I think also to Nehru, Pearson took line with regard to McNaughton proposals that they were made by McNaughton in his capacity as President of the Security Council. At the same time he (Pearson) did not wish to criticize them in any way. Pearson made no particular comment on the observations reported in this telegram, except as specifically indicated.

11. Pearson thinks if someone on the Security Council does not suggest some such new approach as that outlined by Bajpai, India ultimately will.

12. Incidentally, final comment in paragraph 8 of your despatch No. 14 of January 10th† does not accord views we have got here in conversations with British or with Pearson's own view.

13. Nye[108] was informed of developments outlined above and I am informing the United States Ambassador.

14. My own impression is that no final solution lies in total vote. Whichever won the whole, an Alsace-Lorraine problem would remain and, apart from the minority problems in the territory in dispute, the minority in each of the losing countries would be exposed to tragic conditions.

390. DEA/50015-40

Le ministère des Affaires extérieures
au secrétaire d'État aux Affaires extérieures, la mission de liaison au Japon

Department of External Affairs
to Secretary of State for External Affairs, Liaison Mission in Japan

TELEGRAM 26 Ottawa, January 28, 1950

SECRET. IMPORTANT.

KASHMIR

Following for Mr. Pearson from Heeney, Begins: When our position on Kashmir as stated in our telegram delivered to you in Singapore and confirmed in your reply was communicated to United States officials in Washington and New York it produced a sharp reaction. Gross, Austin's alternate, said that Acheson's position vis-à-vis India would now be very difficult in view of the strong language used in his message to Nehru. He added that he felt compelled to say that "quite unwittingly, Mr. Pearson has placed the Secretary of State in an anomalous position". When reminded that State Department had known from the beginning of McNaughton's conditions, Gross said that State Department regarded third condition (reasonable prospect of success) as irrelevant, and implied that second condition (willingness of both parties to accept McNaughton) was equally irrelevant. He said he would advise Acheson to appeal to you on governmental level and added that they were considering asking McNaughton to continue in his private capacity.

2. Meanwhile we have received from State Department through Embassy in Washington request that we ask you to reconsider the position. State Department argues that present proposals in regard to McNaughton are new ones. The primary task would not be so much mediating between the two parties as assisting the Council as a whole in working out a resolution as a rapporteur. McNaughton would simply be acting on behalf of the Council as an agent to facilitate informal discus-

[108] Le lieutenant-général sir Archibald Edward Nye, haut-commissaire du Royaume-Uni en Inde.
Lieutenant-General Sir Archibald Edward Nye, High Commissioner for United Kingdom in India.

sions of the issues among the members of the Council with a view to arriving at a consensus regarding the best course to be followed.

3. We have commented on this message from the State Department by saying that we were not impressed by the distinction drawn between a mediator and a rapporteur. Even if distinction is valid, we think that it overlooks the principal consideration as to whether or not the process is likely to produce any constructive results. We have, however, agreed to send this message to you at their urging. We have also commented to McNaughton and to Embassy in Washington that we see no foundation whatever for criticism of our position offered by Gross.

4. I have explained the situation in outline as it now stands to the Prime Minister. Mr. St. Laurent fully concurs in the position taken by you and General McNaughton and he is emphatic that the General should not repeat not be asked to undertake further responsibilities in regard to Kashmir except under conditions stated. Ends.

391. DEA/50015-40

Le secrétaire d'État aux Affaires extérieures
au délégué permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Delegate to United Nations

TELEGRAM 75 Ottawa, January 30, 1950

SECRET. IMPORTANT.

KASHMIR

Following for General McNaughton from Heeney, Begins: My immediately following teletype† contains text of message which I have sent to Minister in Tokyo, giving substance of representations made by State Department and communicated to us in telegram No. WA-216 of January 27† from Washington, which has been repeated to you. You will notice that we do not attach much importance to the distinction made by Matthews of the State Department between roles of mediator and rapporteur. Nor do we consider that this distinction, even if it is a valid one, affects the primary consideration as to whether or not the process is likely to produce constructive results.

2. In regard to the statements made by Gross and reported in your telegram No. 91 of January 27,† we cannot of course accept responsibility for any misapprehension the State Department may have been under concerning the Minister's views as a result of information received from sources other than ourselves. At no time has the Minister suggested to us that he had changed his views in regard to your conditions for continuing any responsibility as mediator. On the contrary, he has repeatedly confirmed them. We find it hard to understand, therefore, why Gross should say that "Mr. Pearson has placed the Secretary of State in an anomalous position". Moreover, whatever Gross and the State Department may have thought about the relevance of your conditions, there has never been any suggestion from a Canadian source that we were prepared to agree that they were irrelevant.

3. Gross's suggestion, referred to in paragraph 9 of your telegram, that the State Department was considering whether you might be able to continue to act on a purely personal basis and not as a Canadian representative, seems to imply that there is some difference of view between you and the Government on this question and that it is only your instructions which prevent you from agreeing with the course of action he suggests. I am sure that you have left Gross under no illusions on this score.

4. We hope that United States authorities will realize that our attitude is not determined by any reluctance to give further assistance, or to make your services available, if by doing so we could serve any useful purpose. Our attitude is determined simply by our belief that, failing acceptance of the conditions which you have set forth, no useful purpose can be served by continuing the discussions under your auspices.

5. This morning I explained the present situation in outline to the Prime Minister. Mr. St. Laurent fully concurs in the position which we have taken and is emphatically of the opinion that you should not (repeat not) be asked to undertake further responsibilities in regard to Kashmir except under the conditions stated.

6. In the circumstances we hope very much that no effort will be made in the Security Council to have your responsibilities continued. Ends.

392. DEA/50015-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-228 Washington, January 31, 1950

TOP SECRET. IMPORTANT.

Repeat Permdel No. 4.

1. When I was at his house yesterday evening Mr. Acheson spoke to me about Kashmir. He was obviously disappointed by our insistence that McNaughton should not continue his efforts to bring the parties to the dispute together unless our three conditions are met. He used phrase at the beginning which implied that the Canadian Government was evading its responsibilities, but he did not pursue this line at all when I denied this vigorously, incidentally placing the blame for any misunderstanding of our position on Noel-Baker's misleading reports to London from Karachi on Pearson's attitude. (Acheson has no high opinion of Noel-Baker and he seemed quite ready to accept this explanation.)

2. He said, using lawyer's language, that what he had in mind now was that something like a pre-trial hearing should be held, based on McNaughton's negotiations. The Security Council had adopted two resolutions on the dispute; one or both of the parties maintained that they could not now be applied; the purpose should now be to make it clear why they could not be applied, and, escaping from the

procedural tangle, to seek to discover what could be put in their place. The immediate point, he said, is procedure to be adopted from here on. Was it possible for India and Pakistan to agree on the substance? If not, could they agree on a procedure designed to enable them to reach agreement on the substance? Would it be useful, for instance, to submit the issues about the application of the resolutions to the World Court? Was there any other way, through mediation or otherwise, with prospects of success?

3. He mentioned that Bajpai had been dropping about hints about the ultimate solution on the lines mentioned in Chipman's report of Pearson's conversations in New Delhi. (See paragraph 6 of New Delhi telegram No. 25 of January 26.) Acheson thinks that in fact this is what will come about, with the central issue limited to the future of the Vale of Kashmir, Jammu going to India and Gilgit and Azad areas to Pakistan. He said nothing, however, about limiting the plebiscite to the Vale of Kashmir as Bajpai desires.

4. I remarked that Gross had used some very forthright language about the Canadian attitude in his last talk with McNaughton in New York. He answered that he knew nothing of this, although he had been reading Gross's report of this conversation.

5. Finally, he said that he was being urged to raise the issue directly with Mr. Pearson. I said that Mr. Pearson would not be back for nearly a fortnight. He then said that he might wish to go into it more fully with me.

6. Acheson's concern is to find some way out of the impasse which has a fair prospect of success. He is impatient over the subtleties and procedural arguments which now obscure the issues. He thinks that continued participation of McNaughton in the negotiations would provide a good chance of bringing the issues into the open, although we were interrupted before he went into this in any detail. I told him that I would, of course, bring his views to your notice, but that I greatly doubted that McNaughton's instructions would be changed. It was at that point that he said he might want to go into the matter more fully with me.

393. DEA/50015-40

Le chef de la mission de liaison au Japon
au secrétaire d'État aux Affaires extérieures

Head, Liaison Mission in Japan,
to Secretary of State for External Affairs

TELEGRAM 20 Tokyo, February 1, 1950

TOP SECRET

From Pearson, Begins: Your telegram to me of January 28th — Kashmir position.

Do not know why our position should have produced any United States "sharp reaction" unless that it has been misrepresented at Lake Success because of messages received from London. That position is clear but I do not see why it should embarrass the U.S.A. in any action which they may wish to take at the

Security Council or with India. The first two conditions we laid down for McNaughton continuing as a mediator seem to me to be eminently reasonable. Third is, of course, not so important if first two are accepted. If U.S.A. or United Kingdom wish to push ahead with a Security Council resolution for pursuing mediation on basis of McNaughton proposals, there is nothing to prevent them and they could use Nimitz[109] or Bunche or someone appropriate as Mediator if McNaughton not available. I had thought myself, on arrival at Colombo, that this was the best course to follow in order to prevent the break which would result from a Security Council resolution which India would not accept and I talked, as you know, to Bevin and Nehru along these lines, though leaving McNaughton out of it. But as a result of discussions in Karachi and New Delhi I became convinced that this kind of Security Council action would not now lead to useful results. After my visit to New Delhi, seemed to me that the best chance of agreement now was direct negotiation between the two parties on highest level. Possibly the Security Council resolution could recommend that, but I have made no such suggestion to anyone. Bajpai, whom I saw on his return, thinks now that this is the best course of action, but I do not know about Liaquat. I found him and his colleagues at Karachi determined not to make a single additional concession to Indian point of view. At New Delhi, contrary to Noel-Baker's advice to me, I found all of the Ministers I spoke to, especially Patel, lined up solidly behind Nehru position. Feeling on both sides is bitter beyond my expectations and situation is dangerous and explosive. I do not think, however, though others may disagree, that a resolution of the Security Council pinning responsibility on India, however justified it may be, will now help very much. If the two Prime Ministers could meet, appoint their own representatives to seek an agreement, and these should choose a third as neutral chairman, this might be the course. But it certainly is not our special responsibility any longer to advance solutions. Jessup has been sending me messages the last ten days suggesting a meeting but I was unable to arrange this — and now feel rather relieved that I could not. However, left with Malcolm MacDonald full account of my visit to Karachi and New Delhi which he is going to pass on to Jessup for information. Also seeing Butterworth[110] here tomorrow and will tell him that I do not understand why the State Department people in Lake Success should have reacted as they did. I am getting a little impatient with the Americans blowing hot and cold on this Kashmir business.

Having a very busy time Tokyo. Very interesting hour and lunch afterwards with MacArthur yesterday, whom I shall see again tomorrow evening. Bag arrived today. Thanks very much. Ends.

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[109] L'amiral Chester William Nimitz, de la Marine des États-Unis, ancien administrateur du plébiscite pour le Jammu-et-Cachemire.
Admiral of the Fleet Chester William Nimitz, United States Navy and former Plebiscite Administrator for Jammu and Kashmir.

[110] W. Walton Butterworth, secrétaire d'État adjoint des États-Unis aux Affaires de l'Extrême-Orient (-mai); ambassadeur des États-Unis en Suède (juin-).
W. Walton Butterworth, Assistant Secretary of State of United States for Far Eastern Affairs (-May); Ambassador of United States to Sweden (June-).

394. DEA/50015-40

Le délégué permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Delegate to United Nations
to Secretary of State for External Affairs

TELEGRAM 120 New York, February 2, 1950

SECRET. IMMEDIATE.
Repeat Washington No. 1.

KASHMIR

1. At my request Cadogan[111] and Curson[112] called this afternoon at my office. Arnold Smith and Carter were with me. I told Cadogan that I was inclining toward the view that I should report to the President of the Security Council in writing, and return to Ottawa this weekend, rather than report orally and sit at the Council table on Tuesday. I told him that the recent further postponement of the Council meeting was slightly inconvenient, though this was not the important factor; and that my principal reason was that I felt it might be preferable for the Council members and parties to be free to discuss the situation without any sense of inhibition due to my presence at the table.

2. I am anxious to avoid any danger that the Canadian Government or I should be charged with responsibility for a breakdown of Kashmir negotiations due to my leaving New York before these negotiations are concluded; and I therefore told Cadogan that I felt you would probably wish me to return to New York if the three conditions, to which I have adhered since the latter part of December, should in fact be met. I mentioned that, while I had other work in Ottawa, I felt that you would give a high priority to the Kashmir question, if in fact these conditions were met and if my return here would, therefore, serve a really useful purpose.

3. Cadogan expressed full understanding of my position and the procedure I propose to follow in reporting to the Council.

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[111] Sir Alexander Cadogan, délégué permanent du Royaume-Uni auprès des Nations Unies, jusqu'en juin 1950.
Sir Alexander Cadogan, Permanent Delegate of United Kingdom to United Nations until June 1950.

[112] B.R. Curson, ministère des Relations du Commonwealth du Royaume-Uni et conseiller de la délégation du Royaume-Uni auprès des Nations Unies.
B.R. Curson, Commonwealth Relations Office of United Kingdom and advisor to Delegation of United Kingdom to United Nations.

395. DEA/50015-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 168 Ottawa, February 6, 1950

SECRET. IMPORTANT.

Repeat Delhi No. 26; Karachi No. 11.

KASHMIR

It has been decided that General McNaughton should not report in person in the meeting of the Security Council scheduled for tomorrow to consider the Kashmir question. He has however despatched a letter† to the President of the Council describing his activities since the last Council meeting on Kashmir on December 29. As you know since the termination of his mandate as Council President on December 31, McNaughton has merely served as a channel of communication between the two disputant governments and his letter in the main merely gives a detailed description of his work in this regard. It also states however that in the absence of evidence that his continued mediation would seem likely to assist India and Pakistan toward an agreed course of action, he does not believe that further activity on his part would serve any useful purpose. As regards his own view, General McNaughton's letter states that he has nothing to add to the proposals submitted to the two parties on December 22.

2. As you may have heard the United Kingdom representative in Tokyo was asked on January 31 to pass a personal message to Pearson from Noel-Baker urging Minister to agree to allow McNaughton to assist Council until debate on Kashmir was concluded. United States delegation in New York has been anxious that McNaughton's report should underline importance of immediate demilitarization of Jammu and Kashmir.[113]

3. It is anticipated that McNaughton will have left New York when the debate takes place tomorrow. Ends.

[113] Ce paragraphe a été omis dans le télégramme envoyé à New Delhi.
This paragraph was omitted in telegram sent to New Delhi.

396. DEA/50015-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

PERSONAL AND CONFIDENTIAL Washington, February 20, 1950

Dear Mike [Pearson]:

You told me when we met last week that you would like to find out whether Dean Acheson was annoyed over our refusal to allow McNaughton to continue his activities in the Kashmir dispute unless certain conditions were met. I have not had a chance to speak to him since I got back, but I have spoken to both Dean Rusk and Jack Hickerson. Dean Rusk said that I could tell you on behalf both of himself and of the Secretary of State that no annoyance was engendered. Hickerson confessed to a little mild personal irritation himself, but added that this was not to be taken at all seriously.

I have a feeling from the way Dean Rusk spoke that the State Department may, if an opportunity arises, seek to secure the appointment of a Canadian as mediator. He said that one of the difficulties they were encountering was that both India and Pakistan introduced into discussions of the matter with the United States a mild sort of blackmail by bringing into the discussions questions affecting the relationship between the U.S. and Russia. He thought that Canada would be fairly immune to such a tactic. I told him that the Canadian Government was certainly not anxious to undertake any fresh responsibilities in the Kashmir issue, that McNaughton had done his best to further a solution, and that you had recently endeavoured to influence both India and Pakistan during your visits to Karachi and New Delhi. I said that you thought that there was little chance of either side yielding points to the other and had remarked to me that the only hope that you could see at present would be to bring together, if possible, Nehru and Liaquat for direct negotiations.

Hickerson has told me that they are working on some ideas in the State Department for a further discussion in the Security Council, and said that he would get an officer of his Department to inform Ignatieff of what they had in mind. This was four or five days ago and Ignatieff has not been approached. I have told him not to take an initiative in inquiring at the State Department, as this might be interpreted as evidence that the Canadian Government was not averse to playing some further part at this stage.

Yours ever,

HUME [WRONG]

CHAPITRE IV/CHAPTER IV
ORGANISATIONS ET CONFÉRENCES INTERNATIONALES
INTERNATIONAL ORGANIZATIONS AND CONFERENCES

PREMIÈRE PARTIE/PART 1
INSTITUTIONS SPÉCIALISÉES DES NATIONS UNIES
UNITED NATIONS SPECIALIZED AGENCIES

SECTION A
ORGANISATION INTERNATIONALE DU TRAVAIL
INTERNATIONAL LABOUR ORGANIZATION

397. DEA/74-AW-40

Le secrétaire de la délégation permanente auprès de l'Office européen des Nations Unies
au sous-secrétaire d'État aux Affaires extérieures

Secretary, Permanent Delegation to European Office of United Nations,
to Under-Secretary of State for External Affairs

CONFIDENTIAL Geneva, June 12, 1950

Dear Sir,

The Allocations Committee of the Governing Body of the International Labour Organization met recently to discuss among other things an appropriate scale for the allocation of the expenses of the Organization among states members. You will recall that difficulties have been caused by the United States monetary ceiling on the amount of its contribution.

As legislative action has not yet been completed in the United States to raise the ceiling, it was not possible for the Committee to make progress towards the preparation of a permanent scale. However, the United States delegate said that his delegation would not vote against a scale for 1951 which set the United States contribution for 1951 at 25%. The United States contribution for 1950 was 22%.

It was agreed by the Committee whose report was subsequently adopted by the Governing Body that for the year 1951 a scale would be recommended on the basis of a 25% contribution for the United States and the Secretariat submitted a paper setting out four possible scales on this basis. These scales will be submitted to the Finance Committee of the I.L.O. Conference along with a further scale suggested by Australia which is based on the United Nations 1950 scale with a maximum contribution of 25%, a minimum contribution of 12% with no state paying a higher percentage than in 1950.

I am attaching two copies† of the five scales listed as AA., AA.1, BB, CC and CC.1 which will be considered by the Finance Committee of the Conference.

As Mr. Sidney Pollock of the Department of Finance is at present in Florence attending the UNESCO Conference, I forwarded the proposed scales to him and requested his comments. I am attaching a copy of Mr. Pollock's reply dated June 9th and you will note that he has suggested that the Canadian delegation might support the adoption of scale CC or any other scale submitted to the Conference which would have the effect of reducing the Canadian contribution below its 1950 level.

Unless other instructions are received from you, I shall follow the suggestions made by Mr. Pollock when this matter is discussed by the Conference.

Yours sincerely,
N.F.H. BERLIS

[PIÈCE JOINTE/ENCLOSURE]

La délégation à la cinquième Conférence générale d'UNESCO au secrétaire de la délégation permanente auprès de l'Office européen des Nations Unies

Delegation, Fifth General Conference of UNESCO, to Secretary, Permanent Delegation to European Office of United Nations

Florence, June 9, 1950

Dear Norman [Berlis],

I have your letter of June 6† requesting my comments on the suggested scales of contributions which are to be submitted to the Finance Committee of the I.L.O. Conference. As you know, I have not had much time to examine the scales and my preliminary remarks that follow are, of course, subject to any change which may be notified to you direct from Ottawa.

Generally speaking, it would seem to be desirable to press for adoption of that scale which would lead to the minimum contribution for Canada for 1951. It is not hard to justify such an approach. Our contribution to the I.L.O. has always been out of line with our relative "capacity to pay", especially as compared with the assessment of the United States and, to a lesser extent, the United Kingdom. Furthermore, on a per capita basis, our contribution is considerably higher than that of the United States. Since I assume that it will not be possible this year to raise the United States' contribution above the 25% figure mentioned in your letter, I doubt that there is much that you can do to bring our contribution down this year. Nevertheless, as already indicated above, our aim should be to bring the United States contribution up and others like Canada down correspondingly.

There is, however, one qualification I should make: it seems highly unrealistic to increase the contribution of China for 1951. If, as I suspect, the Chinese are already substantially in arrears in the I.L.O., the effect of an increase in their contribution

for 1951 would be to increase these arrears and to bring serious financial consequences for the Organization. In the circumstances, I would feel that scale A.A., in which the Chinese contribution would be increased to 7.64% should not be supported for 1951. If and when the Chinese issue is finally resolved, it may be appropriate to re-assess China at a rate appropriate to its capacity to pay and to its national importance. However, at the moment I would be inclined to follow the line of expediency in this connection.

If we exclude scale A.A. and examine the other proposed scales, it will be noted that the only scale which does not lead to an increase during 1950 in the Canadian contribution is scale C.C. Accordingly, my tentative recommendation would be to support the adoption of scale C.C., or any other scale submitted to the Conference which would have the effect of reducing the Canadian contribution below its 1950 level. I would also suggest that the Canadian Delegation might indicate that, while the United States increase is a step in the right direction, further adjustments will be required in future if the scales are to be true to the criteria of "capacity to pay".

I am rushing out this hastily dictated note as I feel that you are anxious to receive my views on this question. If I have a further opportunity tonight, I may be able to write again and at greater length.

Best personal regards,

Yours sincerely,
SID POLLOCK

398. DEA/74-AW-40

La délégation permanente auprès de l'Office européen des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Delegation to European Office of United Nations to Secretary of State for External Affairs

TELEGRAM 93 Geneva, June 16, 1950

CONFIDENTIAL

My letter of June 12th, scale of I.L.O. contributions for 1951.

1. Finance Committee of Conference reached impasse when those States which received reduced percentage under scale A.A.1. supported that scale and others, including Canada, who would have to pay more under A.A.1. supported C.C. or C.C.1. Sub-Committee has now been established to seek compromise and Berlis as Vice-Chairman of Finance Committee is a member of the Sub-Committee.

2. France is pressing vigorously for A.A.1. as being closest to the United Nations scale, but they have agreed to pay as high as 9 per cent. United Kingdom is opposed to A.A.1. but has agreed to pay 13.6 per cent. The Secretariat has been asked by the Sub-Committee to approach other countries to ascertain whether they will make concessions.

3. It has been stated in the Committee that Canada does not, repeat not, favour any scale which would increase her percentage contribution above that of 1950. This position will be maintained in the absence of other instructions, but in view of request for concessions advice by telegram would be appreciated.

399. DEA/74-AW-40

Le secrétaire d'État aux Affaires extérieures
à la délégation permanente auprès de l'Office européen des Nations Unies

Secretary of State for External Affairs
to Permanent Delegation to European Office of United Nations

TELEGRAM 90 Ottawa, June 19, 1950

CONFIDENTIAL. IMMEDIATE.

Your telegrams Nos. 93 and 94† of the 16th and 19th of June: Scale of I.L.O. contributions for 1951.

We have consulted with Finance on the problem raised in your telegrams under reference. It is their view, in which we concur, that you should resist any attempt to have adopted a scale which would increase our contribution for 1951. In the meetings of the Sub-Committee and of the Finance Committee you should therefore continue to support scales C.C. or C.C.1.

2. You should also point out the following objections to scale A.A.1:

(a) The inequities in the 1950 scale, due to the fact that it does not satisfactorily reflect capacity to pay, would be aggravated;

(b) While it would bring France and some other countries closer to the United Nations scale, it would, at the same time, drive Canada, the United Kingdom, Sweden and other countries further away from it;

(c) It would impose a heavier burden on a number of small countries.

3. You might also tactfully deflate the importance of France's concession to accept an assessment of 9% by pointing out that this would represent less than its contribution for 1950 and less than it would contribute in 1951 under scale C.C. or C.C.1.

4. Even if you find that there is widespread support, either in the Sub-Committee or in the Finance Committee itself, for a compromise, which would involve an allocation for Canada of 4.28% you should maintain your position and inform us by telegram at once. We will then consider the question further with the Department of Finance in order to frame instructions as to how you should handle this question in the Plenary.

400. DEA/74-AW-40

La délégation permanente auprès de l'Office européen des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Delegation to European Office of United Nations to Secretary of State for External Affairs

TELEGRAM 95 Geneva, June 21, 1950

Reference your telegram No. 90. Scale of contributions to I.L.O.

1. All arguments suggested have been used in Finance Committee and Sub-Committee. However, AAI has been taken as basis for 1951 because more countries will improve their positions under that scale than any other. New scale based on AAI has been prepared after negotiations with various countries and has now been accepted by Sub-Committee and Finance Committee.

2. Under new scale Sweden has agreed to pay 2.33 per cent which is the same as 1949. United Kingdom has agreed to pay 13.60 per cent which is higher than 1949 or 1950. France will pay 8.88 per cent. Scale AAI provides for 4.36 per cent from Canada but following Canadian protest this has been reduced to 4.28 per cent in new scale.

3. I argued against the assessment for Canada in Sub-Committee but received no, repeat no, support. Dalton of United Kingdom referred specifically to my interventions and said United Kingdom had accepted their assessment in order to reach agreement but United Kingdom would not, repeat not, accept increase if other countries (obviously referring to Canada) did not, repeat not, show a similar spirit of compromise.

4. In both Sub-Committee and Finance Committee I registered abstention with respect to Canadian allocation. Finance Committee also approved draft resolution for submission to Conference covering expenditure budget and income budget for 1951. I voted for Resolution but registered abstention with respect to Canadian assessment.

5. Resolution referred to, paragraph four, will probably come before Conference on Monday, June 26th. As it appears unlikely that smaller assessment for Canada can now be obtained, it is suggested Canada might support Resolution in plenary without reservation. Would appreciate instructions.

6. It is understood, of course, that new scale is only, repeat only, for 1951 and another attempt will be made next year to prepare more permanent and more equitable scale.

401. DEA/74-AW-40

Le secrétaire d'État aux Affaires extérieures
à la délégation permanente auprès de l'Office européen des Nations Unies

Secretary of State for External Affairs
to Permanent Delegation to European Office of United Nations

TELEGRAM 94 Ottawa, June 24, 1950

CONFIDENTIAL

Your telegram No. 95 of June 21. Scale of Contributions to ILO.

2. If you consider that there is nothing to be gained by further opposition to Scale AAI as amended, you may support the resolution in plenary without reservation as suggested in your paragraph 5. However, you should explain your vote saying that AAI is not acceptable as a permanent scale, and that you hope that there will be some adjustments made for 1952, including an adjustment in the amount of the maximum contribution.

SECTION B

ORGANISATION INTERNATIONALE POUR LES RÉFUGIÉS
INTERNATIONAL REFUGEE ORGANIZATION

402. DEA/5475-T-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en Grèce

Secretary of State for External Affairs
to Ambassador in Greece

Ottawa, February 28, 1950

Sir:

I wish to confirm your appointment as Head of the Canadian Delegation to the Fifth Session of the General Council of the International Refugee Organization and to the Seventh Session of the Executive Committee of the same organization which meets in Geneva on March 8, 1950.

Mr. J.H. Warren of the Office of the High Commissioner in London has been named to assist you from this Department and Mr. N.F.H. Berlis has been included in the Delegation so that he may attend IRO meetings, whenever possible. Messrs. O. Cormier and R. Lamarre of the Departments of Citizenship and Immigration and of Labour respectively, have also been included in the Delegation as representatives of their Departments.

I am enclosing a commentary in five copies for your use with respect to those items on the agenda for this session which seem of particular importance. If the

commentary is not entirely clear, or if you desire further information on a particular point, you may wish to seek instructions by telegram.

I shall look forward with interest to receiving your report on the action taken by the International Refugee Organization at these sessions.

I have, etc.,
ESCOTT REID
for Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Note de la Direction des Nations Unies

Memorandum by United Nations Division

Ottawa, February 28, 1950

INSTRUCTIONS FOR THE CANADIAN DELEGATION TO THE FIFTH SESSION OF THE GENERAL COUNCIL OF THE INTERNATIONAL REFUGEE ORGANIZATION AND TO THE SEVENTH SESSION OF THE EXECUTIVE COMMITTEE OF IRO COMMENCING ON MARCH 8, 1950

The Provisional Agendas for the Fifth Session of the General Council and of the Seventh Session of the Executive Committee are attached as Annex 1.† Items 7 and 12 of the former agenda are considered the principal points which will arise at the meetings, and commentaries on them follow:

The Problem of Residual Cases

2. Item 7 of the Provisional Agenda of the Fifth Session of the General Council of IRO relates to refugees who are considered permanently unfit for resettlement on account of age, disability, disease or other causes. In the middle of 1949 it was estimated that there might be as many as 175,000 members of this category still residing in IRO camps in Germany, Austria, the Levant, East Africa and the Philippines. As IRO ceased to accept further refugees in its camps after October, 1949, the number of residual or 'hard-core' cases has doubtless declined considerably because many countries, including Canada, have allowed some of them to come forward as close relatives or as destined to particularly favourable settlement arrangements.

3. The Canadian Delegation should insist that IRO continue to assume responsibility for the 'hard-core' cases until the United Nations High Commissioner for Refugees is prepared to take over the task.

4. However, at the same time the importance of reducing expenditures of IRO to a minimum should be stressed: the maximum possible number of residual cases, as of D.P.'s in general, should be settled in permanent homes. In this regard Canada should continue to support the efforts made by IRO to negotiate with local authorities, voluntary agencies and interested Governments, for the permanent care of par-

ticular categories of 'hard-core' persons (e.g. the Scandinavian countries' acceptance of chronic T.B. cases who will live in village settlements).

5. The Delegation should also press for the practising of every possible economy by IRO in its administration so that costs of care and maintenance of D.P.'s are reduced to a minimum. In this regard it is considered essential that the expenses visualized in the plan of expenditure for the period 1950/51 should not be exceeded.

Plan of Expenditure for the Supplementary Period

6. The Plan of Expenditure for the supplementary period July 1, 1950—March 31, 1951 was approved in principle by the Fourth Session of the General Council in October, 1949. However, as noted in IRO document G.C./135, para. 41, "the Council considered the Director-General's budget submission to be a statement of the amounts he estimated to be necessary to effect a substantial resolution of the problem which the Organization had been set up to solve and reserved its right to examine the details of allocations between the various items of expenditure when the Plan of Expenditure would be placed before it at its next Session."

7. Particular items in the Plan of Expenditure should therefore be examined carefully to ensure that the best use is made by IRO of all the resources available. This is closely linked with the need to deal with the problem of residual cases by keeping costs of care and maintenance to a minimum: every precaution should be taken to ensure that the expenses foreseen in the Plan of Expenditure are not exceeded.

8. If the budget plan of expenditure remains at the level anticipated last October ($55,165,446 U.S.), on the question of devaluation of currencies the Delegation should support the position that where countries arrange to pay their assessments in local currencies — rather than in U.S. funds, the payment ought to be made at post-devaluation rates. For those countries which have devaluated since September, 1949, this position would involve the payment of a larger sum in local currencies than before September.

9. During the visit of Sir Arthur Rucker to Ottawa in February, it was proposed that the Canadian Government pay its 1949/50 contribution in the proportion of two million dollars in Canadian currency and the balance ($3,396,117) in U.S. dollars. The question of the form of Canada's contribution — assessed at $1,916,287 U.S. — for the Supplementary Period was left over for negotiation at a later date. The Minister of Finance has since indicated that Canada's contribution to the IRO for the year 1949-50 will in fact be comprised of three million Canadian dollars and the balance ($2,396,117) in U.S. funds from Canada's limited gold and dollar reserves. The Minister declined to accept the earlier tentative arrangement which had been discussed with Sir Arthur Rucker — 2 million Canadian dollars and the balance, $3,396,117, in U.S. funds — on the grounds that Canada would not be justified in reducing its gold and dollar reserves by this proportion under the circumstances described by the IRO. It has been decided to leave open for negotiation the form of Canada's contribution for the Supplementary Period but it should be understood that it will be *wholly* in Canadian dollars.

Volksdeutsche and Political Refugees

10. It is possible that a question may be raised concerning the desirability of bringing within IRO's mandate (a) Volksdeutsche and (b) political refugees from "iron curtain" countries.

11. With regard to the Volksdeutsche it is estimated that there may be as many as two million in Western Germany. However, it has been found extremely difficult in practice to distinguish between Volksdeutsche and the refugees from former German territory east of the Oder-Neisse line and the Soviet zone. We might take the position therefore that the Volksdeutsche are likely to be absorbed more satisfactorily in Western Germany than in any other country.

12. The continuing stream of refugees from behind the "iron curtain" presents an even greater problem since the IRO camps in Europe admitted no further refugees after October, 1949. If consideration is given to the matter it would seem preferable not to extend IRO's responsibilities to cover what is evidently a continuing problem. It might be suggested that the problem be left in abeyance until the United Nations High Commissioner for Refugees has taken office at the end of the year. Provision can then be made by the United Nations to deal with "iron curtain" refugees on a continuing basis.

13. The remaining items on the agenda appear to be clear-cut and do not call for special comment or instructions. However, if any subject is discussed on which the Delegation desires guidance, reference may be made to the Department by telegram.

403. DEA/5475-T-40

Le directeur général de l'Organisation internationale pour les réfugiés au secrétaire d'État aux Affaires extérieures

Director General, International Refugee Organization, to Secretary of State for External Affairs

Geneva, March 23, 1950

Sir,

I have the honour to acknowledge with thanks the receipt of your letter of March 10† regarding the payment of the Canadian contributions to IRO for 1949/1950 and the supplementary period.

As your Excellency will be aware, the Canadian contributions for the two periods in question are expressed in document GC/147 as contributions to be paid in U.S. dollars or in such other currencies as may be agreed. The General Council of IRO have, during their present Session, taken document GC/147 into consideration and have directed me, in Resolution No. 60 in accordance with their usual practice, to accept payments against contributions due to IRO in the form and at the rates to be agreed, subject to the approval of the General Council at its next session. It will accordingly be necessary for me to seek to reach agreement with all Member Gov-

ernments as to the currencies in which their outstanding contributions are to be paid and to report the agreements so reached to the General Council at its next session.

I fully appreciate the seriousness of the currency problems which the Government of Canada has to face and I am most anxious to arrive at an agreement which will be satisfactory to your Government and will at the same time assist IRO to complete its programme.

I must confess in all frankness to your Excellency that the proposal that approximately $3,200,000 out of the total contributions of $5,500,000 for 1949/1950 and the whole of the contributions for the supplementary period should be paid in Canadian dollars is a disappointment to me. I had hoped that your Government might have found it possible to approve the arrangement discussed with Sir Arthur Rucker for the 1949/1950 contribution and might have been prepared to leave for later determination, when the precise financial position of IRO will be more clearly known, the question of the contribution for the supplementary period.

I need hardly say that IRO will be happy to receive in respect of the Canadian contributions as large a sum in Canadian dollars as we are able to use in the implementation of our programme. I am, however, apprehensive that if the proposals made in your letter under reply were now accepted by me on behalf of the General Council, we might find it impossible to employ the full amount of Canadian dollars contributed and that we should consequently be unable to complete the work of IRO, since it is evident that the total resources likely to be available are the bare minimum of what will be required for the completion of our task.

I would, therefore, venture to urge that the method of payment indicated in your letter should not yet be regarded as final and that before the next session of the General Council, at which a report will need to be made under the terms of Resolution No. 60, there should be further discussions between us with a view to examining, in particular, all possible means of employing Canadian dollars in furtherance of our programmes. If this would be acceptable to your Excellency, I shall be happy to arrange for appropriate officers of IRO to enter into discussions with your officers in Ottawa.

If, in the meantime, the Government of Canada wish to arrange for the payment of their contribution for 1949/1950 to be made on the basis proposed in your letter, I shall be happy to accept the payment without prejudice to the results of the further discussions I have suggested.

On a minor though important point, I should like to express my gratitude for the recognition in your letter of the principle that such parts of the Canadian contributions as relate to the post-devaluation period and are paid in Canadian dollars will be paid at the devalued rate of exchange. This principle has now been accepted by all the other Governments concerned and its acceptance by the Government of Canada is thus most welcome. I have, however, found difficulty in understanding the exact basis on which the figures quoted in your letter have been calculated and I enclose a memorandum† showing the figures, as calculated by my officers, which differ slightly from those given in your letter.

In conclusion, I should like to say that I am deeply aware of the immense value of the support which the Government of Canada has given to IRO throughout its

existence. If I appear now to be asking for still further support it is only because I know that it is the desire of Canada that her contributions to IRO shall be fully used to carry through the humanitarian task upon which we are together engaged.

I have, etc.,

J. DONALD KINGSLEY

404. DEA/5475-T-40

Le sous-secrétaire d'État par intérim aux Affaires extérieures au sous-ministre des Finances

Acting Under-Secretary of State for External Affairs to Deputy Minister of Finance

SECRET Ottawa, March 27, 1950

Dear Dr. Clark:

You will recall that at the last meeting of the Interdepartmental Committee on External Trade Policy, on Tuesday March 21, the possibility of selling some Newfoundland salted codfish to IRO out of the Canadian contribution of (Can.) $3 million was considered and it was agreed that the Department of External Affairs should examine further the Canadian contribution to IRO and ascertain the possibility of having part of it used for purchase of dried codfish.

From the Division of this Department that deals with IRO, I learned that the fullest possible exploration of this matter has already taken place in relation with Sir Arthur Rucker's visit last February. At that time, Sir Arthur appeared to have convinced the Canadian officials concerned that there was practically no way for IRO of using Canadian dollars for their purchases either abroad or in Canada.

However, when it was made known that salted codfish was available in Newfoundland, this Department instructed its delegate to the United Nations European headquarters to approach IRO with a view to having them buy some of this fish out of Canadian dollars. Unfortunately, the reply came to the effect that there was no possibility of making such an arrangement because IRO was drastically reducing its care and maintenance program. The two attached telegrams refer.†

I understand that Mr. Deutsch and Mr. Perry of your Department were both in on the discussions with Sir Arthur Rucker and may probably be in a position to provide you with additional information, should you need it.

Yours sincerely,

A.F.W. PLUMPTRE
for Acting Under-Secretary of State
for External Affairs

405. DEA/5475-T-40

Le sous-ministre des Finances
au chef de la Direction économique

Deputy Minister of Finance
to Head, Economic Division

SECRET Ottawa, March 30, 1950

Dear Mr. Plumptre:

I have just received your letter dated March 27th in which you refer to the advice you have received that it will not be possible to use any of the Canadian dollar contribution to IRO for the purchase of dried codfish.

I think this is rather unfortunate. Messrs. Deutsch and Perry, of course, made me acquainted with the results of the discussions with Sir Arthur Rucker when he visited Ottawa last February. These results were discussed with the Minister before the decision was made that $3 million of our current year's contribution to IRO was to be made in Canadian dollars and only the remainder in United States dollars. It is, we feel, extraordinary and unjust that we should be required to pay out even this proportion of our contribution in United States dollars.

It seemed to the Minister that when IRO was given to understand that they were going to have $3 million (Canadian) available this year, they might find that a profitable use of these dollars was to buy codfish.[1]

Yours very truly,
W.C. CLARK

406. DEA/5475-T-40

L'ambassadeur en Grèce
au secrétaire d'État aux Affaires extérieures

Ambassador in Greece
to Secretary of State for External Affairs

DESPATCH 130 Athens, April 5, 1950

Sir:

With reference to my despatch No. 127 of March 30† on the meetings of the I.R.O. Executive Committee and General Council, I have the honour to report that Mr. Cormier of the Department of Citizenship and Immigration and I had an informal talk on March 21 with the Director General of I.R.O. and his Deputy with regard to the possibility of Canada's accepting some of the "hard core" T.B. cases.

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[1] La note suivante était jointe au document:/The following note was attached to this document:
Mr. Cleveland, Have you any comments[?] Do you think that we should go back at Clark with a fuller explanation of the I.R.O.'s position? I rather think we should. A.F.W. P[lumptre].

2. Briefly the Director General's suggestion is that Canada might be willing to accept a limited number of these cases if the I.R.O. were able to offer a sufficiently substantial grant to enable additional accommodation to be provided in institutions having the necessary "overhead" equipment, theatres, X-Ray and laboratory facilities, etc.

3. Sir Arthur Rucker, the Deputy Director General, has in mind also that the extra cost, such as maintenance and care, might be met by voluntary gifts from churches and charitable organizations. With this object in view, if you are inclined to take a favourable view of this scheme, Sir Arthur would propose to send a representative to Canada to see if sufficient support could be obtained from non-governmental sources. If such assistance is likely to be realized, he suggested that an effort might then be made to secure the approval of the provincial governments in whose jurisdiction the patients would probably be accommodated.

4. Though he was doubtful of the I.R.O.'s ability to determine at this stage what funds would be available, I have reason to believe that Mr. Kingsley, the Director General, when at first discussing this scheme was thinking of an amount of over $2,000,000 for the construction of a completely new hospital rather than the extension of existing facilities. Estimates which he had obtained showed that a new building with separate and complete equipment would cost in the neighbourhood of $10,000 a bed.

5. I am enclosing with this despatch a copy of part of a memorandum which Sir Arthur Rucker left with me after this talk. It will be seen that he is fully aware of the barrier presented by the present Canadian immigration laws but believes that sick persons may be admitted under certain provisions covering the cure and care of sick persons. His reference here is to Section 36 of the Immigration Act.

6. Neither Mr. Kingsley nor Sir Arthur was encouraged to hope that this scheme would receive your approval. It was agreed, however, that I should make preliminary soundings and, if you thought favourably of the plan or had any modifications to suggest, that I would communicate further with Sir Arthur after receiving your reply.

I have, etc.,
G.L. MAGANN

[PIÈCE JOINTE/ENCLOSURE]

Extrait d'une note du directeur général suppléant de l'Organisation internationale pour les réfugiés

Extract from Memorandum by Deputy Director General, International Refugee Organization

[Geneva], March 21, 1950

. . .

If, with the assistance of any other funds that can be raised by voluntary gift, the costs can be met, we think that a scheme might be acceptable to Canada on the following grounds:

(1) Canada would thus make a noteworthy contribution to the solution of the "hard core" problem;

(2) The geography and climate of Canada are such that T.B. cases could be accepted without risk to public health;

(3) Canada is not so desperately short of hospital accommodation as are some countries. It should therefore be possible to find "base" hospitals to which new accommodation could be added;

(4) The addition of this new accommodation would, however, be an asset to Canada who, with the expectation of a growing population, would presumably be glad to see some enlargement of her hospital provision;

(5) Such a scheme as is proposed would help to solve — perhaps completely solve — the problem of how to use the Canadian dollars in which she wishes to pay part of her 1949-1950 contribution and the whole of her contribution for the supplementary period.

It may be said that Canada cannot under her immigration laws permit the entry of T.B. cases. That would be so if normal immigration were contemplated. There is, however, a provision of Canadian law which permits entry into Canada of sick persons for cure and care. It is thought that this provision would cover what is proposed.

A further question arises as to the actual implementation of a scheme for admitting T.B.s. The administration of the scheme would presumably need to be in the hands of Voluntary Bodies and Provincial Governments. In Quebec, for example, it is possible that Catholic Organizations might be willing to play a leading part. In other parts of Canada, it would probably be necessary to persuade the Provincial Government to implement a scheme.

What, then, is in mind is first to ascertain whether, if concrete schemes could be worked out, the Federal Government would be prepared to approve them and, then, if the Federal Government agree, to make approaches to Church and Voluntary Organizations and Provincial Governments and discuss actual schemes.

. . .

407. DEA/5475-T-40

Le secrétaire d'État aux Affaires extérieures
au directeur général de l'Organisation internationale pour les réfugiés

Secretary of State for External Affairs
to Director General, International Refugee Organization

Ottawa, May 20, 1950

Sir,

I have the honour to acknowledge your letter of March 23 in connection with the payment of Canadian contributions to the International Refugee Organization for the fiscal period July 1, 1949 - June 30, 1950.

2. After careful consideration, the Canadian Government has found it possible to make available an amount of $2,396,117.00 in currency of the United States of America, with the balance payable in Canadian dollars. On April 25, 1950, a cheque for $3,190,815.40 in Canadian funds was deposited to the credit of the Organization in the Royal Bank of Canada, Montreal, and on the same date, a cheque for $2,396,117.00 in funds of the United States of America was sent to the First National Bank in New York City for deposit to the Organization's account, in full payment of Canada's contribution for 1949/50 to the International Refugee Organization.

3. I welcome the suggestion made in paragraph six of your letter that there should be further discussions with a view to examining all possible means of employing Canadian dollars in furtherance of IRO programmes. Mr. Allard has informed me that it is possible you may be able to visit Ottawa in early July. May I say that I look forward to the pleasure of your visit and shall ensure that opportunity is afforded to discuss this matter with all the officials concerned.

4. With reference to paragraph eight of your letter, it was agreed in the conversations with Sir Arthur Rucker during February, 1950, that the Canadian contribution for the first 81 days of the Organization's 1949/50 fiscal year, i.e., July 1 to September 19 inclusive, would be calculated at the pre-devaluation rate of exchange; and the balance at the current rate of exchange. Therefore, the proportion amounting to 81/365ths of the total annual contribution ($5,396,117) would not be subject to devaluation. This amount ($1,197,494) was subtracted from the $3,000,000 payable in Canadian funds, and to the remaining amount ($1,802,506) exchange of 10% was added, making a total amount of $1,982,757.

5. The Canadian contribution for 1949/50 is therefore calculated as follows:

Original assessment for 1949-50 (U.S. equivalents)	*Method for Payment*
$2,396,117.00 (U.S.)	= 2,396,117 U.S. dollars
1,197,494.00 (U.S.) at pre-devaluation rate of exchange	= 1,197,494 Canadian dollars
1,802,506.00 (U.S.) at current rate of exchange	= 1,982,757 Canadian dollars
$5,396,117.00 (U.S.)	($2,396,117 U.S. dollars ($3,180,251 Canadian dollars

I have, etc.,

ESCOTT REID
for Secretary of State for
External Affairs

408. DEA/5475-T-40

Note du secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Secretary of State for External Affairs to Under-Secretary of State for External Affairs

Ottawa, July 6, 1950

Mr. Kingsley and Mr. Allard of I.R.O. called to see me this morning. It was a courtesy visit, but during our talk they brought up two matters which I should pass on to you.

The first concerned the possibility of I.R.O. assisting in the repatriation of refugees from iron curtain countries. The present mandate of I.R.O. does not cover these people, so far as resettlement is concerned, but Mr. Kingsley feels, and it is hard to disagree with him, that they should be looked after. Most of them, by the fact of their flight from their home countries, have given sufficient evidence of their quality, though of course there is always the danger that a few spies may have infiltrated among them. Mr. Kingsley said that he was thinking of taking this matter up with Government, but wished to mention it to me now informally. At the present time there are about fifteen thousand in the above group, but it is increasing. I told him that if a proposal was made that the I.R.O. should look after these people, we would certainly give it sympathetic consideration.

The other point concerned the extension of diplomatic immunity and privileges to the I.R.O. senior staff here, as members of a Specialized Agency of the United Nations.[2] I told Mr. Kingsley that we were at the moment trying to work out arrangements to this end with I.C.A.O. and that other United Nations officers

[2] Note marginale:/Marginal note:
Mr. Mayrand will be interested. [A.D.P. Heeney]

would of course receive the benefit of any action we took in regard to I.C.A.O.[3] I would not be surprised if Mr. Allard has some interest in this matter!

L.B. P[EARSON]

409. DEA/5475-T-40

Note de la Direction des Nations Unies

Memorandum by United Nations Division

[Ottawa], August 3, 1950

SUMMARY OF CONVERSATIONS BETWEEN THE DIRECTOR-GENERAL OF THE INTERNATIONAL REFUGEE ORGANIZATION AND REPRESENTATIVES OF THE CANADIAN GOVERNMENT ON JULY 5 AND 7, 1950; AND PRESENT POSITION OF THE SUBJECTS RAISED

On July 6, 1950, Mr. J. Donald Kingsley met with representatives of the several departments concerned with I.R.O. problems and suggested that Canada accept 1,000 of I.R.O.'s 4,000 TB cases. He pointed out that I.R.O. would make a reasonable per capita grant to apply against the estimated costs of such a commitment; in fact the grant would be drawn from the Canadian dollar contribution to I.R.O. for 1949/50 and 1950/51. The proposal is presently being considered by the Departments of Citizenship and Immigration, and National Health and Welfare. It is understood that Mr. Allard will broach the subject to provincial Governments and voluntary welfare agencies if general approval is received from the federal government.

2. On July 7, 1950, Mr. Kingsley sought to persuade representatives of the Department of Finance to reconsider the decision by which approximately $3.3 million of the 1949/50 contribution and the entire $2.1 million of the 1950/51 contribution was paid in Canadian dollars, a total of more than $5,400,000.00 (Can.). On the ground that I.R.O. could not use that amount of Canadian funds, Mr. Kingsley wished to have as much as possible converted into U.S.A. funds. The Department of Finance is still firmly opposed to the conversion of any part of this amount.

3. In discussion with officials of the Department of Finance, Mr. Kingsley intimated that I.R.O. might be able to use additional amounts of French francs and Italian lire. He undertook to obtain confirmation on his return to Geneva. To date no confirmation has been received.

4. Mr. Kingsley also solicited the support of the Canadian Government for extending the mandate of I.R.O. to include escapees from behind the Iron Curtain. He was told that a formal proposal to this effect would receive sympathetic consideration.

[3] Voir le document 637./See Document 637.

410. DEA/5475-T-40

Note du sous-secrétaire d'État par intérim aux Affaires extérieures pour le sous-ministre des Finances

Memorandum from Acting Under-Secretary of State for External Affairs to Deputy Minister of Finance

Ottawa, September 18, 1950

The Chief of the I.R.O. Mission in Canada, Mr. Allard, has received an urgent message from I.R.O. headquarters in Geneva, a copy of which is enclosed,† asking him to obtain the necessary authority from Canada to convert 1,100,000 Canadian dollars into Italian lire. You will note from the message that Sir Arthur Rucker is at present in Rome negotiating with the Italian Government for the conversion of one million British pounds into Italian lire. The Italian Government is making its acceptance to this conditional on the conversion of 1,100,000 Canadian dollars into Italian lire at the same time.

2. I understand that Mr. Allard has already approached Mr. Pollock and Mr. Bryce of your Department on this matter and has stressed that the I.R.O. considers Canada's agreement to the conversion of Canadian dollars into Italian lire of the utmost importance.

3. I would think that the importance which I.R.O. attaches to this cannot be entirely disregarded. According to our records Mr. Kingsley was told last July by officials of your Department with whom he discussed possible methods of using Canadian dollars, that the Canadian Government would consider conversion of part of the Canadian contribution into French francs and Italian lire. Mr. Kingsley went away with the impression that we would be inclined to consider favourably any such request. This is the first request of this nature which the I.R.O. has made since Kingsley's visit.

4. You will also recall that when Sir Arthur Rucker was in Ottawa last February, we suggested to him that one of the ways which I.R.O. should explore, of using Canadian dollars, was their possible use for the procurement of certain other currencies, such as Italian lire. In Mr. Perry's letter of February 24 to Mr. Heeney concerning instructions for the Canadian Delegation to the last session of I.R.O., he agreed with the suggestion that "emphasis should be placed on I.R.O. trying to utilize its Canadian dollars in making payments to those countries which are relatively short of Canadian funds, — in which the Canadian dollar is a "hard currency".

5. I would hope that in this instance a favourable reply might be made to I.R.O. if at all possible. I believe that it is in our interest to help the I.R.O. dispose of its Canadian dollars in as satisfactory a way as is possible. I realize, of course, that other considerations enter into this matter and that the approval of the Foreign Exchange Control Board must be obtained.

6. I should be grateful to hear from you in regard to this matter at your early convenience.

E. REID

411. DEA/5475-T-40

Le sous-ministre adjoint des Finances
au sous-secrétaire d'État aux Affaires extérieures

Assistant Deputy Minister of Finance
to Under-Secretary of State for External Affairs

Ottawa, September 20, 1950

Dear Sir,

As you know, this Department agreed, on Monday, September 18th, to satisfy the request of the International Refugee Organization for conversion into Italian lire of $1,100,000 (Canadian) from their account in Canada, on the understanding that no further conversion into any foreign currency would be made until the whole question of the expenditure of the Canadian contribution to the Organization had been fully explored. In order to facilitate the authorized transfer, arrangements are also being made between our two departments for immediate release of the Canadian contribution for 1950-51.

You will recall that the Minister of Finance advised some months ago that no part of the 1950-51 Canadian contribution would be paid in United States dollars, and that the whole of it would be made in Canadian funds. However, as a result of discussions held in July between Mr. D. Kingsley, Director of IRO, and Canadian officials, it was agreed that sympathetic consideration would be given to conversion of IRO funds in Canada into French francs or Italian lire. The authorized conversion of $1,100,000 into Italian lire must, therefore, be regarded primarily as discharging the promise made to Mr. Kingsley, and not as creating any precedent for action in considering similar requests in the future.

We continue to feel strongly that the Organization has failed so far to present a really convincing case showing that it is unable to use Canadian dollars to meet its requirements. In these circumstances, further conversion will not be permitted until the whole situation has been thoroughly re-examined with IRO. I have informed Mr. Allard, IRO representative in Canada, accordingly.

Yours truly,

R.B. BRYCE

412. DEA/5475-T-40

Note de la Direction des Nations Unies pour le chef de la Direction des Nations Unies

Memorandum from United Nations Division to Head, United Nations Division

[Ottawa], September 29, 1950

Mr. Ford and I saw Hector Allard of the I.R.O. on Thursday afternoon, September 28. For the sake of convenience I shall outline below under three main headings what we talked about:

1. *Mr. Bryce's suggestion that we might ask I.R.O. to lend us $1,000,000 (Canadian) to be used for the purchase of barley for Korea*

Mr. Allard gave it as his personal opinion that the I.R.O. might agree to making us a loan in this amount for the purpose indicated. It was pointed out that the I.R.O. had in the past entered into separate agreements with governments. The agreement with the Netherlands Government to transport Dutch troops from Indonesia to Holland was mentioned. Also the agreement with the U.S. Government to transport Volksdeutsche refugees to the U.S. on a reimbursable basis was mentioned. Mr. Allard said that of course he would have to refer any such proposal to the Director-General in Geneva. We asked Mr. Allard not to do so until he had heard further from us.

2. *Hard core cases*

It became evident that there had been a misunderstanding as to who should do what next after the July meeting when Mr. Kingsley was present. Mr. Allard had been under the impression that the question of admitting T.B. cases was a "dead duck" because of the necessity to amend Canadian immigration legislation. Consequently he had not followed this matter up with the Provinces. He said that he thought that it would be essential for the Canadian Government to at least agree in principle to amend its legislation so as to admit T.B. cases before the Provincial authorities could be approached with any concrete plan. Armed with this assurance Mr. Allard seemed prepared to approach some of the Provincial authorities, although he seemed to think that it might be advantageous to have an initial approach made by some Federal Department such as National Health and Welfare. We told Mr. Allard that Mr. Fortier had been under the impression that he (Allard) was making a survey of the possible facilities in the Provinces. Allard said he had been talking to Fortier a few days ago, and had told him what he had told us. Quite obviously there has been a misunderstanding, and much time has been lost as a result. We told Allard that we had suggested to Mr. Fortier that he call an inter-Departmental meeting to discuss hard cores in the near future. We said that it would be valuable to have Allard present at that meeting, and he said that he would like to attend.

As Allard will be leaving Ottawa for several days on Saturday, October 7, you might wish to phone Mr. Fortier and to suggest that he call an inter-Departmental

meeting before that date. Allard might then be able to take advantage of his trip out west to speak to some of the Provincial authorities, in a preliminary manner about the possibility of receiving hard cores.

3. *Use of the remaining Canadian dollars by I.R.O.*

We told Mr. Allard, what he already knew, namely, that the Department of Finance, and in particular its Deputy Minister was not satisfied that the I.R.O. had done everything it could to try and use Canadian dollars in Canada. Allard agreed that there was probably much truth to this in the past, although he thought that the Canadian authorities were partly to blame in that they did not make an all out effort in the earlier days of the organization to try and sell Canadian goods. Further, Allard thought that the things on which the I.R.O. is spending its money to-day are not those which the Canadian Government has to offer. He pointed out that most of the "care and maintenance" had been turned over to local authorities, and that consequently consumer goods were not being purchased in any quantity at this time.

We suggested to Allard that he might wish to prepare a paper giving some facts and figures to show that it was not possible for I.R.O. to spend Canadian dollars at the present time. Allard, however, did not take up this suggestion, but suggested instead that all pertinent documents could be obtained more readily from Geneva. We did not pursue this further because, frankly, I do not know whether such a paper would be very useful. All I.R.O. documents will, of course, be referred to the Department of Finance. In any event Allard pointed out that when he was here in July, Mr. Kingsley could have given any information of this type which the Department of Finance wanted, and in fact, he had explained the situation to officials of the Department of Finance. However, unfortunately (and, implied Allard, deliberately) the Deputy Minister of Finance was not present at these talks.[4]

Furthermore, it was agreed that if the Government would agree to admit a substantial number of hard cores, and if facilities could be found in the Provinces to accommodate these cases, the I.R.O. might agree to spend most of its remaining Canadian dollars on this project. Thus, there would no longer be any problem.

G.K. GRANDE

[4] Note écrite à la main:/Handwritten note:
Mr. Kingsley saw Deutsch and Pollock, though, when he was here and gave them the IRO case.
R. F[ord].

413. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 226-50 [Ottawa], September 27, 1950

CONFIDENTIAL

INSTRUCTIONS FOR THE CANADIAN DELEGATION TO THE EIGHTH SESSION OF THE EXECUTIVE COMMITTEE AND THE SIXTH SESSION OF THE GENERAL COUNCIL OF THE INTERNATIONAL REFUGEE ORGANIZATION

The principal subjects on which the I.R.O. will take decisions at its forthcoming meetings in October, and suggested recommendations, are as follows:

Extension of I.R.O.'s Activities

1. The Director-General will urge the General Council to reconsider the termination date of March 31, 1951, and to permit the Organization to continue operations until it has completed its task, exhausted its funds, or both. The resettlement programme of I.R.O. has been delayed considerably because of the long delay in the adoption of the United States Displaced Persons' Act and the resulting decline in movements to the United States. This Act has now been approved and arrangements are already under way for the movement of large numbers of refugees to the United States. However, it will take approximately another twelve months for all accepted refugees to be moved to the United States. Contributing reasons for the delay in resettling refugees are the diversion of shipping to Korea, reception difficulties in Australia and increasing difficulties in resettling the more difficult categories of refugees. The Director-General states that no additional contributions will be required from member governments as the additional period of operations will be financed from the Organization's present resources.

2. It is *recommended* that the Canadian delegation support the extension of I.R.O.'s activities for a reasonable period of time provided the Director-General gives reasonable assurances that he will wind up the activities of the Organization as rapidly and effectively as possible and provided no additional contributions are required from member governments.

Refugees from "Iron Curtain" Countries

3. The Director-General has already approached member governments with the suggestion that the Organization extend its mandate to include those refugees who have entered Western Europe after the cut-off dates of August 31, 1949, and October 15, 1949, which the General Council had previously established. Most of these refugees have escaped from the so-called "Iron Curtain" countries. The Director-General estimates that approximately 30,000 of them will be found to meet selection criteria. He suggests that the General Council set the date of its meeting as the new cut-off date for the inclusion of this new group of refugees under the mandate

of the Organization for full resettlement services. Mr. Kingsley's suggestion is that 'care and maintenance' be not provided for these additional refugees. Further, he gives it as his considered judgment that the admission of an additional 30,000 refugees to full resettlement services would not exceed the financial resources of the Organization nor impair the resettlement opportunities of those refugees currently classified as resettleable.

4. It is *recommended* that the Canadian delegation support the proposal to extend full resettlement services, but not 'care and maintenance', to those refugees who would normally be eligible if previous cut-off dates had not been established, provided that no additional contributions will be required from member governments. The new cut-off date should, if possible, be the date of the meeting of the General Council of I.R.O.

5. In general, it is *recommended* that the Canadian delegation stress the importance of I.R.O. winding up its operations as expeditiously as possible, consistent with the achievement of the purposes and principles for which the Organization was established.[5]

L.B. PEARSON

414. DEA/5475-T-40

Note du chef de la Direction des Nations Unies pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, United Nations Division, to Under-Secretary of State for External Affairs

Ottawa, October 12, 1950

One of the most difficult problems which is at present facing the International Refugee Organization is that of resettling those persons who constitute the so-called "Institutional Hard Core". Many Governments have generously admitted large numbers of this group of persons, some of them blind, some of them without one or more limbs, some of them tubercular, and others condemned to pass the rest of their lives in institutions because of their age or because of other physical or mental infirmities.

2. When Mr. Kingsley, the Director-General of I.R.O., was in Ottawa in July, he suggested that Canada might agree to admitting, say, 1,000 T.B. cases on the condition that the I.R.O. would make a per capita payment to cover at least part of the cost of resettling these unfortunate persons in Canada. He realized that before it would be possible to admit these hard-core cases to Canada, detailed arrangements would have to be worked out with the Federal Government, possibly with Provincial Governments as well and with private institutions. However, at that time he was anxious to obtain the approval of the Federal authorities in principle to this suggestion before going ahead with the detailed arrangements. As you know, a

[5] Approuvé par le Cabinet, le 4 octobre 1950./Approved by Cabinet, October 4, 1950.

meeting was held which representatives from Citizenship and Immigration, Health and Welfare, Finance, and External Affairs attended. Apparently no decision was reached at that time. Officials from the Department of Finance had further talks with Kingsley about the alternative means of using I.R.O. surplus Canadian dollars such as converting them into French francs and Italian lire. On this point, apparently, attention was diverted from the original I.R.O. proposal that Canada admit T.B. cases.

3. With the possible exception of ten blind persons, Canada has not yet agreed to admit any hard-core cases as such, although it is true that the Canadian immigration regulations have been very generously interpreted in respect to "near relatives". Many persons who would otherwise have been classified in the hard-core group have been admitted to Canada because they were dependents of immigrants who were already here. Many other countries have done much more. Norway has admitted and is providing institutional care for 50 blind refugees with their 50 dependents. In addition, Norway is planning to take some 200 additional cases of this type. Israel has agreed to provide facilities for the care of 1600 persons in need of institutional care plus their family members, totalling some 3,000 persons in all. France and Denmark have agreed to care for all of the hard-core cases remaining in their countries. Sweden has agreed to accept 150 pulmonary T.B. cases, together with 150 dependents. In the Netherlands, homes were offered for 200 aged persons by Catholic and Protestant Churches. Belgium will possibly admit over 200 aged refugees and, in addition, will admit 24 mentally deficient children. Other countries, including Ireland are doing their part. Finally, the United States has recently agreed to admit more than 1,100 handicapped refugees, mostly those who are incapacitated through loss of limbs, and it is expected that a few hundred more will be admitted soon. Resettlement is being arranged by Catholic, Lutheran and Jewish agencies and the I.R.O. is making a substantial grant of funds.

4. Undoubtedly, there will be increased pressure on Canada to help solve this extremely vexing refugee problem. The problem will probably at least be discussed at the I.R.O. meetings at present taking place in Geneva, and the Assembly, as you know, has a separate item on its agenda concerning assistance to refugees. Because of a misunderstanding, no active consideration has been given to Mr. Kingsley's suggestion since last July. I have been talking to Mr. Fortier, the Deputy Minister of Citizenship and Immigration, about this problem, and he told me that he had been under the impression that Mr. Allard, the I.R.O. representative in Canada, was to approach Provincial authorities and institutions, and find out whether facilities could be provided if the Canadian Government decided to admit T.B. cases. On the other hand, Allard has told me that he had been under the impression that it had been decided to do nothing further about T.B. cases because the Canadian Immigration laws would not permit their entry to this country.

5. I made an effort to settle this question by writing to the Deputy Minister of Citizenship and Immigration on September 13. A copy of my letter is enclosed.† My purpose in writing to Mr. Fortier was to have him call an interdepartmental meeting at which all of us could express our views and try to arrive at some conclusions which might be put in the form of recommendations to our Ministers. Mr. Fortier phoned me about this letter and said that both he and his Minister thought

that the Federal Government should take no initiative in this matter at this time. Mr. Fortier said that in their view, the I.R.O. should take the primary responsibility in sounding out the Provinces. If the I.R.O. produced a plan after finding out that reception facilities were available in existing institutions, then Citizenship and Immigration would be prepared to consider it on its merits.

6. We are now faced with an impasse. Citizenship and Immigration will take no steps, and Allard will not approach the provinces without some kind of Federal sanction. It seems to us that there is some responsibility on the Federal authorities to take an initiative by defining a policy. Then we might call on the local office of the I.R.O. or anyone else to help us find facilities which might be used for this purpose. National Health and Welfare undoubtedly would be able to give us much assistance in this regard, and some approach might have to be made to the Provincial authorities. The General Assembly, and ECOSOC, and I.R.O. have all passed resolutions from time to time urging Member Governments to do everything they could to help solve the refugee problem. The onus, therefore, is on the Canadian Government, and not on the Secretariat of the I.R.O. although it would probably be advisable later to have Mr. Allard undertake the detailed negotiations.

7. I have, therefore, drafted a letter for your signature, if you agree, asking the Deputy Minister of Citizenship and Immigration once again to call an interdepartmental meeting. You might at the same time consider telephoning Mr. Fortier if you think that this would be wise. A letter along the same lines to Dr. Cameron is also attached for your signature.†

J.W. HOLMES

415. DEA/5475-T-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le sous-ministre de la Citoyenneté et de l'Immigration

Memorandum from Under-Secretary of State for External Affairs to Deputy Minister of Citizenship and Immigration

Ottawa, October 12, 1950

I should like to refer to my letter of September 13,† suggesting that an interdepartmental meeting might be called soon to discuss the question of Canada agreeing to admit some of I.R.O.'s so-called "institutional hard-core" cases.

2. What we had in mind was a meeting at which representatives of our two Departments as well as of the Departments of Finance and National Health and Welfare could discuss the pros and cons of Canada's agreeing to admit some institutional refugees and, possibly, agreeing on some form of recommendation which might be put before our respective Ministers. I think that such a meeting would be useful, as there is some obligation on the Canadian Government to try and do something for these unfortunate refugees who constitute the most serious problem confronting the I.R.O. in its final stage of operations. You will recall that among the more recent resolutions adopted by the United Nations on the subject of refu-

gees, the Economic and Social Council at its last session addressed an appeal "to the goodwill of Governments, asking them to assist the Organization in achieving its task by the adoption of the broadest possible criteria for the admission of refugees." At its fourth session the General Assembly urgently appealed to all States "to furnish to the International Refugee Organization the widest possible assistance, particularly in respect of the admission and care of refugees in the most destitute categories". The "Problems of Assistance to Refugees" is one of the subjects to be discussed at the present session of the General Assembly.

3. The General Council of I.R.O., which is meeting next week in Geneva, will have before it the reports of the Director-General who states that an ultimate solution of the 'hard-core' problem "will call for doubled and redoubled efforts on the part of all interested Governments, voluntary organizations and individuals". As you know, several governments have already agreed to admit institutional cases. These include Norway, Israel, Sweden, the Netherlands, Belgium and France. In addition, the United States has recently agreed to admit 1,100 handicapped refugees, satisfactory arrangements having been made with Catholic, Jewish and Lutheran agencies for their resettlement. The I.R.O., for its part, approved a grant of $580,000 to be divided among three religious organizations there. It is, of course, true that the Canadian immigration regulations have been very generously interpreted in respect to the admission of "near relatives" many of whom would otherwise have been classified as hard-core cases.

4. A further consideration is that the Department of Finance and this Department are anxious to assist the I.R.O. in finding a way of spending its Canadian dollar credit which amounts to nearly $4,000,000. If a satisfactory arrangement could be made for the reception of even a few hundred institutional cases in Canada, one might expect that the I.R.O. would be willing to make a sizeable grant from its Canadian dollar surplus.

5. I realize, of course, the difficulties which present themselves when a matter of this nature confronts us. Our immigration laws would probably have to be amended. Detailed and difficult negotiations would have to be undertaken with the provincial authorities or private institutions, or both. Undoubtedly the Administration of the I.R.O. could assist us considerably in undertaking these negotiations, but some lead should first be given by the Federal Government. Consequently, I think that it would be useful to have a meeting and thus to make a further effort to see what might be done.

A.D.P. HEENEY

416. DEA/5475-T-40

Le sous-ministre de la Citoyenneté et de l'Immigration au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Citizenship and Immigration to Under-Secretary of State for External Affairs

Ottawa, October 23, 1950

Dear Mr. Heeney:

I wish to acknowledge your letters of September 13th† and October 16th [12th].

Following reception of your letter of September 13th I discussed, over the telephone, with Mr. Holmes of your Department, the T.B. hard-core cases and I have had interviews with Mr. Allard on the same subject.

You will recall that at the meeting attended by Mr. Kingsley the question of admitting some "institutional hard-core" cases was raised by him, and our Department and the Department of National Health and Welfare agreed to recommend a special legislation for the admission of tuberculosis cases if some provincial authorities agreed to receive and accept the responsibility for their care and maintenance. As you are aware, according to the present legislation, a person suffering from tuberculosis is not admissible under the Immigration Act.

I have often mentioned to Mr. Allard that he should contact the provincial authorities and see if they would agree to accept a certain number of T.B. cases. I told him that upon reception of a draft agreement between I.R.O. and Provincial Governments we would recommend favourable consideration. However, I am not aware that the I.R.O. representative in Canada has been successful in his approach to the Provincial Governments.

Some of the reasons why we do not believe it advisable for the Federal Government to initiate this approach are:

(a) Health problems are under the jurisdiction of the Provincial Governments.

(b) Due to immigration medical requirements hundreds of individuals coming to close relatives have been refused visas.

(c) For a better Federal Provincial relationship it is thought advisable that a movement of this sort be initiated by the Provincial authorities.

In your letter of October 16th you suggest an Inter-Departmental Committee meeting to discuss the I.R.O. hard-core cases. I am calling a meeting of the Interdepartmental Advisory Committee on Immigration on October 31st at 10.30 a.m., and the following departments are being asked to send their representative:

Privy Council,
Department of External Affairs,
Department of Finance,
Department of National Health and Welfare,

Department of Labour.

Yours sincerely,
LAVAL FORTIER

417. PCO

Extrait du procès-verbal de la réunion du Comité consultatif interministériel sur l'immigration

Extract from Minutes of Meeting of Interdepartmental Advisory Committee on Immigration

SECRET [Ottawa], October 31, 1950

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Present

Colonel Laval Fortier, Deputy Minister of Citizenship and Immigration (Chairman)
Mr. A.L. Stevenson, Department of Agriculture
Mr. N.A. Robertson, Secretary to the Cabinet
Mr. P.T. Baldwin, Department of Citizenship and Immigration
Mr. A.L. Jolliffe, Department of Citizenship and Immigration
Mr. R.M. Winter, Department of Citizenship and Immigration
Mr. Escott Reid, Deputy Under-Secretary of State for External Affairs
Mr. J.W. Holmes, Department of External Affairs
Mr. E.B. Armstrong, Department of Finance
Mr. A. MacNamara, Deputy Minister of Labour
Mr. A.H. Brown, Department of Labour
Mr. W.W. Dawson, Department of Labour
Mr. S.H. McLaren, Department of Labour
Dr. George F. Davidson, Deputy Minister of Welfare
Dr. H.D. Reid, Department of National Health and Welfare
Mr. Paul Pelletier, Privy Council Office (Secretary)
Mr. J.E. McKenna, Department of Citizenship and Immigration (Asst. Secretary)

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II. INTERNATIONAL REFUGEE ORGANIZATION; "HARD-CORE" CASES

3. *The Chairman* reported that the Director General of the International Refugee Organization had suggested that Canada accept 1,000 of the Organization's 4,000 tubercular cases as the Canadian contribution towards the solution of the "hard-core" problem; it being understood that IRO would be prepared to make *per capita* grant against the cost of such a commitment. Any such grants would be drawn from the Canadian contribution of $4 million to the Organization.

It was noted that the Immigration Act prohibited the admission to Canada of tubercular cases and the Act would, therefore, have to be amended if IRO's suggestion were to be given favourable consideration. Furthermore, health matters were constitutionally under provincial jurisdiction and any tubercular immigrants admitted would normally have to be placed in provincial sanatoria. This would necessitate agreements being entered into between federal and provincial authorities.

It was further pointed out that at the present time there were approximately 350 tubercular relatives of former displaced persons now residing in Canada who had

been denied admission to Canada. In addition, close relatives of Canadian citizens had been refused admission to Canada on medical grounds. This should be kept in mind in reaching a decision on IRO's request, since obviously it would be difficult to justify admission of 1,000 tubercular displaced persons while refusing admission to relatives of residents and citizens of Canada.

Latest information available indicated that the International Refugee Organization still had between 8 and 9,000 hard-core cases who required to be suitably placed. This total included, in addition to the 4,000 tubercular cases referred to above, aged persons, mental cases and persons suffering from chronic medical disorders or physical defects.

An explanatory note had been circulated.

(Memorandum, Citizenship and Immigration, undated, IACI Doc. No. 1)†

4. *Colonel Fortier* added that, although existing legislation prohibited the granting of permanent landing to incurable tubercular cases, it was possible to grant temporary entry for the purpose of effecting a cure. This has been the practice of the Immigration Branch in exceptional cases warranting consideration on compassionate grounds where arrangements for hospitalization were made and guarantees were submitted that the person coming forward would not become a public charge.

5. *The Secretary to the Cabinet* suggested that serious consideration should be given to the desirability of amending the Immigration Act in order to permit the permanent landing not only of curable tubercular persons but also of certain incurables who had close relatives in this country, provided certain safeguards were established in order to ensure that financial responsibility for the care of these hard-core cases would be assumed either by the relatives themselves or by certain charitable or religious organizations. It was obvious that any such move would not be of any statistical significance insofar as immigration was concerned but such an amendment seemed desirable nonetheless on purely humanitarian grounds if none other.

Insofar as elderly indigents were concerned, it would seem that this proposal might be carried a step further and certain numbers in this group accepted whether or not they had relatives in Canada, provided that recognized charitable or religious organizations were willing to assume responsibility for the care of these people.

6. *The Deputy Minister of Welfare* said it was possible that a good number of the remaining 4,000 IRO tubercular cases might be curable if given proper medical attention and it might therefore be possible, even without amending existing legislation, to grant temporary entry to a certain number of curables on the assumption that, when the cure had been effected, consideration could be given to granting permanent landing. The main problem seemed to be the lack of space in provincial tubercular sanatoria. Provincial homes for the aged were also very crowded, although it was possible that certain institutions in the Province of Quebec might be in a position to absorb a limited number of immigrants.

7. *The Deputy Minister of Labour* said it had been estimated that a tubercular case could be looked after in European institutions for $2 or $3 a day, as opposed to $7 or $9 a day in Canadian institutions. In the circumstances, it might be preferable to

make some arrangement whereby Canada would contribute something towards the proper care of these hard-core cases in suitable European sanatoria.

8. *The Deputy Under-Secretary of State for External Affairs* said that the Government might well agree to authorize IRO to use a portion of the $4 million Canadian contribution towards the end suggested by Mr. MacNamara.

9. *Mr. Armstrong* said that although it was originally intended that the Canadian contribution to IRO should be spent in Canada, consideration had been given in the Department of Finance to the possibility and desirability of authorizing IRO to spend a certain portion of this contribution in countries other than Canada. In this connection Canada also had a certain number of blocked credits in foreign countries but the sums involved were relatively small and did not seem to be a significant factor in solving the hard-core problem.

10. *Dr. Davidson* pointed out that under the Federal health programme the Government contributed $1,500 per bed to provinces constructing hospitals for the treatment of tubercular diseases. No such Federal contribution was made towards the construction of homes for the aged. In the circumstances, there might be some merit in inquiring whether IRO would be prepared to contribute, say, $1,000 per bed towards the construction of provincial homes for the aged on the understanding that such homes would be required to accept an agreed number of aged displaced persons.

11. *Mr. Robertson* suggested that this problem could profitably be discussed at the Federal-Provincial Conference of December 4.

12. *Colonel Fortier* said that, under existing legislation and regulations respecting immigration, availability of employment or support by close relatives were the two yardsticks normally used in ruling on admissibility. It seemed desirable, however, to liberalize somewhat the current basis of admission, and it was therefore suggested that before considering IRO's request for the admission of 1,000 tubercular DP's every effort should be made to permit the landing of the 350 tubercular relatives referred to previously. If this were to be done, it would be desirable to enlist IRO's support and it might also be necessary to make certain amendments to existing legislation and regulations.

Inquiries might also be made as to whether certain religious or charitable institutions would be prepared to assume responsibility for the care of a certain number of aged indigents with possible assistance from IRO.

13. *The Committee* after considerable further discussion, agreed,

(a) that every effort be made to admit the 350 tubercular relatives of Canadian residents and a certain number of tubercular displaced persons with IRO's assistance and the cooperation of the provincial governments, it being understood that priority should be given to the admission of close relatives;

(b) that the possibility of admitting a certain number of aged indigents under the sponsorship of Canadian religious or charitable organizations and, if possible, with IRO's assistance be explored further; and

(c) that immigration legislation and regulations be reviewed in order to determine what amendments might be required to give effect to the recommendations set forth in (a) and (b).

. . .

418. PCO

Extrait du procès-verbal de la réunion du Comité consultatif interministériel sur l'immigration

Extract from Minutes of Meeting of Interdepartmental Advisory Committee on Immigration

SECRET Ottawa, December 1, 1950

Present

Colonel Fortier, Deputy Minister of Citizenship and Immigration in the chair
Mr. Robertson, Secretary to the Cabinet
Dr. Davidson, Deputy Minister of Welfare
Mr. Reid, Deputy Under-Secretary of State for External Affairs
Mr. R.A.D. Ford, Department of External Affairs
Mr. O. Master, Assistant Deputy Minister of Trade and Commerce
Mr. A.L. Stevenson, Department of Agriculture
Mr. A.L. Jolliffe, Mr. C.E.S. Smith, Department of Citizenship and Immigration
Mr. E.B. Armstrong, Department of Finance
Mr. A.H. Brown, Mr. W.W. Dawson, Mr. S.H. McLaren, Department of Labour
Mr. Paul Pelletier, Privy Council Office (Secretary)
Mr. J.E. McKenna, Department of Citizenship and Immigration (Assistant Secretary)

. . .

III. HARD-CORE CASES; IRO PROPOSAL

15. *The Chairman*, referring to discussion at the meeting of October 31, said that the International Refugee Organization had reported that the only real remaining problem was the placing of 4,000 TB cases and their 2,000 dependents. There was a possibility that institutions in Germany and Switzerland might be found which could provide care for these hard-core cases if two conditions could be met, namely, additional financial assistance beyond IRO's present resources and a reasonably firm undertaking to accept cured patients for immigration from the countries providing temporary admission and hospitalization. IRO hoped that several countries would contribute to this scheme and gave tentative figures of $1.5 million and 1,000 immigrants as a possible Canadian contribution.

An explanatory note had been circulated.

(Memorandum, Department of Citizenship and Immigration, November 28, 1950, IACI Doc. No. 6).†

16. *Mr. Ford* suggested that this seemed to be a sensible way of disposing of the hard-core problem and that serious consideration should be given to the possibility of extending some assistance.

17. *Dr. Davidson* suggested that before any such scheme were approved, care should be taken to ensure that the TB cases in question were given active treatment in order to ensure that positive cures were effected as rapidly as possible.

It was further suggested that Canada's contribution might be limited to an undertaking that 1,000 TB cases would be accepted provided a cure had been effected without extending any financial assistance whatever to the plan.

18. *The Secretary to the Cabinet* said that it might be preferable for Canada to contribute more towards the movement of acceptable displaced persons thus leaving more IRO funds available for the hard-core problem.

Some consideration might also be given to making use of Canadian credits in blocked foreign currencies for the purpose of lending financial assistance to the proposed programme.

19. *Colonel Fortier* pointed out that, unlike the United States, Scandinavian countries and others, Canada had not made any specific contribution towards the hard-core problem and it might therefore be difficult to resist any reasonable request in this respect.

20. *The Committee*, after considerable further discussion, agreed that the detailed IRO proposal in this respect, when received, be submitted to the Department of National Health and Welfare and the Department of Finance for consideration and report.

IV. DEPENDENTS OF DISPLACED PERSONS; ESTABLISHMENT OF IRO TRANSIT CAMP

21. *The Chairman* said that in view of the early termination of IRO activities and the present situation in Europe, it was desirable that dependents of displaced persons should follow the heads of families to Canada with the least possible delay. In this connection IRO had suggested that it would be prepared to operate a DP transit camp in Canada provided the Canadian Government supplied the accommodation and facilities for 1,600 to 2,000 persons. The worker would pay on a *per diem* basis for the maintenance of his dependents in the transit camp and the Department of Citizenship and Immigration would assist in the collection of payments. IRO would contribute up to an agreed limit if necessary to meet deficits. The dependents would be expected to leave the camp after a maximum period of four to six weeks. The Department of National Defence had agreed to make a former air force station at St. John's, Quebec, available for the establishment of such a transit camp.

An explanatory note had been circulated.

(Memorandum, Department of Citizenship and Immigration, November 28, 1950, IACI, Doc. No. 7).†

22. *Colonel Fortier* said that such a transit camp would serve a useful purpose since many DPs would not agree to migrate to Canada unless they could bring their families with them. However, the transit camp envisaged by IRO would probably be too small to meet real needs. It had been estimated that it would cost approximately $100,000 to fully equip the RCAF station at St. John's as a transit camp.

23. *Mr. Dawson* said that it would be unrealistic to expect that DP families could be moved through the transit camp in less than three or four months.

IRO officials had recently intimated that the 16,000 DPs which the Department of Labour would bring to Canada during 1951 represented an actual saving of approximately $2 million to IRO since transportation costs would be that much higher if these DPs were sent to Australia or New Zealand. In the circumstances, it

was suggested that Canada might agree to provide the accommodation, if available, on the understanding that IRO would undertake to equip and administer the camp.

24. *The Committee*, after further discussion, agreed that the International Refugee Organization be informed that Canada might be prepared to provide suitable accommodation, if available, for the purpose of establishing a transit camp for DP dependents on the understanding that IRO would assume all other costs including staff, equipment and administration.

PAUL PELLETIER
Secretary

419. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET Ottawa, December 21, 1950

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IMMIGRATION; CAMP FOR DEPENDENTS OF DISPLACED PERSONS

35. *The Minister of Citizenship and Immigration* reported that the International Refugee Organization had proposed establishment of a camp in Canada to which might be brought dependents of persons coming forward under their auspices. The suggestion was that the R.C.A.F. station at St. Johns, Quebec, be made available and that it be staffed and equipped by the Organization. It was expected that there might be 1,600 - 2,000 persons in such a camp at any one time and that they would remain for from four to six weeks after arrival. The purpose would be to move such persons from I.R.O. responsibility in Europe and encourage them to come forward to Canada.

(Minister's memorandum, undated)†

36. *The Minister of National Defence* pointed out that the camp at St. Johns had been declared surplus some time previously but that, in the altered circumstances of the present international situation, the Department of National Defence would be reluctant to have it used in such a way that they could not take it over quickly. It might be made available on the understanding that it could be taken back on three months' notice.

37. *The Secretary of State for External Affairs* said that Canada had not taken any of the hard core of displaced persons who were a continuing burden on a number of European countries. The displaced persons that had been moved to Canada had always been persons who could normally be regarded as potential assets. A number of European countries felt that Canada and other countries might do something to meet the problem. The United States had received some displaced persons of this sort.

38. *The Cabinet*, after discussion agreed that the Minister of Citizenship and Immigration ascertain whether the International Refugee Organization would wish to establish a camp for dependents of displaced persons at St. Johns on the under-

standing that the camp would be turned back to National Defence use on three months' notice if required; further consideration to be given to the establishment of the camp after the views of the Organization were available.

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SECTION C

ORGANISATION MONDIALE DE LA SANTÉ
WORLD HEALTH ORGANIZATION

420. DEA/5475-K-13-40

Le sous-ministre adjoint des Finances
au sous-secrétaire d'État aux Affaires extérieures

Assistant Deputy Minister of Finance
to Under-Secretary of State for External Affairs

Ottawa, April 29, 1950

Dear Sir,

I have your letter of April 25th† requesting my views on the administrative and financial matters to be discussed at the forthcoming World Health Assembly. As you know, we have been seriously handicapped by the fact that documentation on these questions was not received until late last week. In the circumstances it has not been possible to give them as much attention as we would like. The following observations are, therefore, necessarily confined largely to broad statements of principle, with examples selected at random to illustrate specific situations in which some of the principles might be applied. Because of their general nature, a meeting was arranged between Mr. Pollock of this Department, Doctor McCann, who is heading the Health Delegation, Doctor Cameron and Mr. Cleveland, to discuss some of the main financial issues which may arise at the Health Assembly. I hope that these arrangements, together with the documentation provided by Mr. Cleveland regarding the position taken by Canadian delegations at earlier Health Assemblies, will be adequate for the formulation of suitable policies during the forthcoming Assembly.

As you know, we have always emphasized the importance of sound programming and the development of efficient and economical administrative techniques in the Specialised Agencies. As far as I can see, our efforts in the WHO have had some success. The documents we have received give evidence of solid accomplishment. Many of the more questionable projects in earlier programmes have been eliminated. The problems of staffing and administration which troubled the Organisation in its formative stage are rapidly being overcome. However, even though the transition from a blueprint to a functioning agency is apparently being bridged quite successfully, the necessity for close scrutiny of the budget and programme

continues. In fact, the reduction of organisational problems merely shifts our interest to new and even more difficult phases of WHO's activities.

The health needs of the world are almost limitless. Those experiencing these needs will not be easily convinced that because of current financial stringencies their requirements cannot be met fully. It is equally difficult to persuade a Secretariat, imbued with the ideals of the Organisation and spurred on by a Director-General as dynamic as Doctor Chisholm, that attempts to keep the programme within reasonable limits are not intended to inhibit its orderly development. Finally, a heavy preponderance of the votes in the Assembly is held by countries whose needs are great and whose financial contributions are small. It would be wholly unrealistic to fail to appreciate the way in which these circumstances combine to induce an expanding rather than a stabilised programme. Under the circumstances it is more important than ever that the Canadian delegation, and others in a comparable position, should continue to stress the need for priority programming and the economical and effective utilisation of resources. In practice this means the limitation of the budget to a level for which it is reasonable to assume that the necessary funds will be forthcoming. It requires emphasis on projects likely to bring immediate and tangible returns for the expenditures involved. It also requires effective co-ordination of all projects with those of other international bodies having related responsibilities, in order to avoid wasteful duplication of activities. Most of these principles are not new. They merely represent the logical extension and continuation of policies followed by earlier Canadian delegations.

This year the Health Assembly is fortunate in having an unusually good report from its Standing Committee on Administration and Finance. This report, which has been adopted by the Executive Board (Official Record No. 26), includes many useful recommendations. It will only be possible to provide detailed comments below on a few of the recommendations. However, I believe that in most cases their adoption by the Health Assembly would constitute a useful step toward sound administrative and financial practices.

There is one important exception to which I would like to draw your attention. Past Assemblies of the Health Organisation have stressed the need for rapid decentralisation of activities by the establishment of regional organisations. This principle is again endorsed in the Report of the Executive Board, as well as in the budget and the Report of the Director-General. It has been the Canadian view that, although there should be an orderly and reasonable extension of the facilities of the Health Organisation to all countries, and especially to those which are "underdeveloped", it is desirable that the areas and headquarters of these regional groups should not be determined too hastily. At this stage of its existence, the WHO cannot afford to dissipate its meagre resources on an unduly elaborate regional structure. The Canadian delegation should not hesitate to express its misgivings on this matter.

In general, it is encouraging to note the growing sense of realism reflected by the Reports of the Standing Committee and the Executive Board. As you know, there have been strong differences of opinion in the past on the proper functions of the Executive Board and its correct relationship to the Director-General. The Direc-

tor-General has, I understand, insisted that programme preparation is his responsibility, and that the Executive Board should limit itself to technical advice on the medical advisability of the programme. I do not think that this conception of the role of the Executive Board is consistent with the long-range interests of the Organisation. While the responsibility for programme and budget preparation is clearly that of the Director-General, the Executive Board should not be restricted to general expressions of medical opinion. Programme preparation and budget evaluation are closely related. The programme must always be framed with an eye to the financial resources likely to be available. In this connection, the Australian delegation has already submitted formal proposals which would alter the character of the Executive Board and give it greater executive and financial responsibilities. As indicated in earlier correspondence† with you on this matter, we are prepared to support this Australian proposal. However, if the Australian proposal is not adopted, it might be worthwhile considering a workable compromise based on it. This might take the form of a directive by the Assembly similar to that adopted last year instructing the Executive Board to give more attention to the financial implications of the budget and programme. The Assembly should also commend the very useful work of the Standing Committee on Administration and Finance. Its report this year seems most useful and the Canadian delegation should support a continuation of its efforts.

However, whatever decisions the Health Assembly may come to regarding the appropriate relationship to be maintained between the Director-General and the Executive Board for the future, the delegation should support the recommendations (in paragraphs 1 to 21 of the Report of the Standing Committee) for dealing with the financial situation during 1951. Past Assemblies have approved large programmes in the expectation that the required funds would be forthcoming from the contributions of Member States. These expectations have not been realised. The withdrawal of the U.S.S.R. and its satellite states from the Organisation and arrears in contributions by others have placed the Organisation in a precarious financial position. Despite programme cuts, it has only been possible to maintain the present level of activities by heavy withdrawals from the Working Capital Fund and from other resources inherited from UNRRA etc. We have already informed you of our belief that, regardless of the legal position, there seems to be little likelihood that the U.S.S.R. will liquidate its obligation to the WHO. The correspondence† on this question will, I understand, be made available to the delegation. I would, however, stress again that the situation caused by these withdrawals and other arrears in contributions is serious and must not be ignored. The apparent inability to induce or force the U.S.S.R. and its satellites to make their payments increases the necessity for measures likely to induce other delinquent governments to bring their contributions up to date. The WHO has already amended its Constitution to deprive members more than two years in arrears of voting rights. This provision should be automatically enforced. Similarly, we believe that countries seriously in arrears should not be permitted membership on the Executive Board or on other important committees of the Organisation. The Canadian delegation might discuss with others the advisability of requesting the Executive Board or a special committee established for this particular purpose to examine and make recommendations to the

next Health Assembly on the question of arrears. In any event, it is essential that maximum expenditures for 1951 be limited to a rate which the Organisation can reasonably expect to finance out of current contributions, the special UNRRA Fund and other sources of income. This would be consistent with the resolution of the United Nations General Assembly urging international organisations to limit their programmes to the amount of funds which they may reasonably expect to receive during the year. The Standing Committee's recommendations for dealing with this situation should be supported strongly, or even strengthened.

The largest part of the expenditures of the Organisation will, of course, be required for staffing and maintaining those sections of the Secretariat which are servicing technical projects. Decisions as to the projects which are most useful must necessarily be made by delegation specialists conversant both with their medical value and relative cost. However, on the purely administrative side there will be many other opportunities for economies within the budget. The following are a few random examples to indicate the kind of recommendation which should be supported. There will, of course, be many others of equal importance.

(a) An invitation has been received to hold the Fourth Health Assembly in Washington (see page 12, paragraph 35). This involves considerable additional expense beyond that which would arise if the meeting were held at headquarters in Geneva. It has always been the Canadian position that the annual conferences of the Specialised Agencies should be held at headquarters unless there are significant reasons to the contrary. I understand that there is a feeling that a successful conference in the United States would appeal to American public opinion and gain support for the Organisation. However, these and other arguments must be considered in relation to the additional cost involved. In the United Nations itself, it is common when considering meetings away from headquarters to look to the host state for the payment of all costs beyond those which would be required to hold the meetings at the permanent headquarters. Perhaps the Director-General might seek to induce the U.S. to absorb the additional expenditures which would be incurred in holding the Fourth Session in Washington.

(b) On page 13, paragraph 36, it is recommended that transportation expenses of representatives to meetings of regional committees should be limited to inaugural meetings. This seems sound. I agree with the Executive Board that for reasons of economy payments should not be extended to all regional meetings.

(c) It is suggested on page 16, paragraph 70, that it would be more economical to have longer meetings of experts' committees at less frequent intervals. With transportation costs representing such a high percentage of costs, the present principle of frequent meetings for short periods of time seems unduly expensive.

(d) On page 31, paragraph 185, it is recommended that home leave should be granted on a three-year basis instead of a two-year basis. We agree that this recommendation, which is based on the Report of the United Nations Expert Committee on Salary, Allowances and Leave Systems, is sound. It is economical and also reduces the adverse effect on efficiency which results from the considerable interruptions in the conduct of the affairs of the Organisation which are caused by home leaves at two-year intervals.

(e) Other references are made in paragraphs 184 to 194 to the Report of the United Nations Committee of Experts on Salary, Allowances and Leave Systems. The Report of the Expert Committee is now being examined in Ottawa. The Canadian Government is in general agreement with its recommendations and would be prepared to support their application to WHO. We are not entirely convinced, however, that the Expert Committee was fully warranted in the extent to which it recommends upgrading of senior staff. We would be inclined to rely on the judgment of the delegation, in consultation with others, to decide the upper limits which would be appropriate for salaries in the Organisation.

Another problem with which the conference may be concerned is that occasioned by the maintenance of proper geographical distribution in appointments to the Secretariat. Under Article 101, paragraph 3, of the Charter of the United Nations, staff must be selected on the basis of the highest competence, integrity and efficiency, with due regard to as wide geographical distribution as possible. The problem of reconciling the two concepts is a familiar one. It arises in most international bodies, even in the most technical organisations whose staffs must be obtained from countries with advanced technical standards. As indicated in paragraph 89, page 19, the World Health Organisation has experienced difficulties in recruiting staff in the past and foresees further difficulties when it tries to provide staff for the proposed Expanded Programme for Technical Assistance. If delegations insist, as they have in the past, that the principle of geographical distribution must be extended to recruitment for technical assistance activities, I believe that our delegation should not hesitate to point out the glaring inconsistency in such a position. It is clear that governments seeking technical assistance because of the dearth of trained personnel in their own countries cannot at the same time provide highly qualified technicians for international organisations.

On the question of the scale of contributions, there has been little change in the situation since the last Health Assembly. Therefore, instructions to earlier delegations are still applicable. In particular, we are disturbed by the implications of the continuation of the absolute financial ceiling on the U.S. contribution. We are anxious that a proper relationship be maintained between our contribution and that of the United States, United Kingdom and others, and are not prepared, because of the absolute ceiling on the United States contribution or for any other reasons that might be advanced, to pay more than a fair share of the expense of the Organisation. To date the United States Administration has not been successful in its efforts to have Congress remove the absolute ceiling from the U.S. contribution. The Canadian delegation should not hesitate to express its view that the continuation of this ceiling is inconsistent with the long-range interests of the WHO.

Yours truly,

R.B. BRYCE

421. DEA/5475-K-13-40

Note du chef par intérim de la Direction des Nations Unies pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Acting Head, United Nations Division, to Under-Secretary of State for External Affairs

[Ottawa], June 21, 1950

A draft report† on the recent Third World Health Assembly has been received in the Department from the Delegation. As the report is of considerable length, a summary has been prepared in the United Nations Division.

In view of the unsatisfactory trend of WHO policy, I think you may wish to examine a copy of the summary which I attach; you may also wish to bring it to the attention of the Minister.[6]

D.V. LePan

[PIÈCE JOINTE/ENCLOSURE]

Résumé du rapport provisoire sur la troisième Assemblée mondiale sur la santé

Summary of Draft Report of Third World Health Assembly

THE THIRD WORLD HEALTH ASSEMBLY

The word which seems to sum up the judgments of the Canadian Delegation to the Third World Health Assembly is "paralysis". The reporter speaks of the "*malaise* which now exists in WHO"; he says "the Assembly was relatively powerless to fix policy on programmes or budgets"; and again, "the policy-making Assembly was stultified by a vast amount of uncorrelated ideas and documentation". Throughout the entire report runs a thread of dissatisfaction and frustration generated by inability of the Delegation and others to control an imprudent general policy. This policy, conceived in idealism and egoism, appears to be driving the WHO into bankruptcy. At the same time, the reporter affirms the real achievements of the Organization, imperfect as its structure and functioning may be.

2. In the present transitional phase of its development, the WHO has planned an expanding programme of operations while apparently disregarding a contracting fund of revenues. This inconsistent behaviour is a consequence of the inability to maintain an objective balance between world health desirabilities and budgetary feasibilities.

3. The Assembly approved:

(1) The regular programme for 1951;

(2) A general programme for 1952-1956, including

(a) Development of traditional international services, e.g., health statistics,

[6] Note marginale:/Marginal note:
Not Sent. C. G[lover], June 22/50. Hold for future reference.

(b) Programme of cooperative work with FAO, UNICEF, and others;

(c) The further provision of fellowships and training facilities;

(3) A programme of participation in the United Nations Technical Assistance Programme.

4. The examination of programme items was unsatisfactory because of deficiencies in coordination, support from the Secretariat for clarification, and statements of specific costs. The discussion of programme was marked by a good deal of political manoeuvring, haggling over special interests and uncertainty of policies, programme and budget of the TAP. Over strong opposition of receiving countries, the power of determining the types of technical aid was placed in the permanent specialized agencies. Against Canadian opposition, the principle of regional decentralization was established in future programming. As a general comment, the planning of programme appeared to be aimed at expanding the organizational structure of the Secretariat to give it "survival value". It was the Canadian Delegation's judgment that the programme was "too wide and too thin".

5. In analyzing the procedure of the Assembly, the Canadian Delegation judged that body to be incapable of arriving at major policy decisions because competent officers were lacking, the substance of ideas was lost in masses of documents, the paper work was over-organized, and finally, because there existed an unsatisfactory frame of mind in which Assembly and Secretariat faced each other as "opposition" and "government" with the Secretariat initiating and forcing proposals through the Assembly. As a consequence of Assembly impotence, many matters of policy were transferred to the Executive Board and it is expected that even the Director-General will be compelled to assume powers of formulating policy. The behaviour of the Secretariat led the Canadian Delegation to believe that the Director-General was only too happy at this prospect, and was in fact, encouraging it. As one means of correcting this perversion of functions, the Delegation requested the Executive Board to simplify and rationalize the documentation of the Assembly.

6. From a procedural point of view, the Delegation considered that the programme decisions were unreal. Anticipated revenue was exceeded by the budgeted programme to the extent of one million dollars; the final budget was never examined in detail; and priorities were not discussed.

7. In matters of administration and finance the Canadian Delegation sought unsuccessfully to have health projects abandoned in Communist countries with arrears of contributions; to decelerate the expansion of staff; and to rectify inequities in the scale of contributions, particularly in the per capita assessment of Canada in terms of a U.S.A. base.

8. In the constitutional phase of the Assembly deliberations, the Canadian Delegation supported an unsuccessful Australian attempt to change the Executive Board membership from personal to governmental status. After vehement interventions by the Director-General and the President of the Second Assembly, the resolution was defeated. The Delegation argued for a cautious decentralization of activities in accord with the regional tendencies predominating. In the report it expressed its dislike for a policy towards which states in a given region gave nothing while the increasing administrative costs were borne by a few of the external states.

9. The Assembly examined the relations of WHO with other specialized agencies of the United Nations and resolved to seek improved coordination through the parent body. It approved a set of principles to govern the relations of WHO with regional and national non-governmental organizations.

10. The reporter has attached a list of the representatives gathered at the Third World Health Assembly; it reveals the official position of each and contains brief, useful comments on their participation in the Assembly, which should be of value in planning for, and participating in future Assemblies.

SECTION D

ORGANISATION DES NATIONS UNIES POUR L'ÉDUCATION, LA SCIENCE ET LA CULTURE UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION

422. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 77-50 [Ottawa], March 7, 1950

CONFIDENTIAL

CANADIAN DELEGATION TO THE FIFTH GENERAL CONFERENCE OF UNESCO

The Fifth Session of the General Conference of UNESCO will be held in Florence, Italy, from May 22 to June 16, 1950. As the question of Canadian participation in UNESCO work is now under consideration by the Massey Commission, it is proposed generally to continue our representation along the lines that have been established in the past.

2. UNESCO is now in its fourth year of operation and its recent activities indicate that constructive developments have taken place in the General Conference and the Secretariat of the organization. The programme of UNESCO, which in the earlier years included many vague projects, now contains a number of well-defined priority tasks in the fields of education, science and culture. This new programme, incorporating many of the improvements that have long been felt necessary, will be discussed at Florence. It is, therefore, important that the Canadian Delegation to the Conference should be representative and sufficiently strong to suggest improvements in the organization which are judged desirable.

3. The Canadian Delegations to the last three UNESCO Conferences did not include representatives of non-governmental organizations and a good deal of criticism emanated, in each case, from the interested organizations in Canada. It has, therefore, been thought advisable to include persons drawn from Canadian educa-

tional, scientific and cultural organizations on the delegation to the forthcoming Conference. These organizations have been consulted and three names representing respectively educational, scientific and cultural groups are suggested on the basis of the recommendations made to the Government by these various organizations.

4. The Secretary of State for External Affairs, therefore, recommends that the Canadian Delegation to the Fifth Session of the General Conference of UNESCO should be headed by Mr. Jean Désy and should include the following:

Delegates

Senator Rupert Davies
Dr. M.E. Lazerte, or Dr. C.E. Phillips, Canadian Education Association (Education)
Mr. Garnet T. Page, Chemical Institute of Canada (Science)
Mr. Jacques de Tonnancourt, Canadian Arts Council (Culture)

Alternate Delegates

Dr. John E. Robbins, Dominion Bureau of Statistics
Mr. Sydney Pollock, Department of Finance
Mr. Paul Tremblay, Department of External Affairs

Adviser

An officer from a Canadian mission in Europe (Secretary).

L.B. PEARSON[7]

423. DEA/5582-AK-2-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], April 25, 1950

FIFTH SESSION OF THE GENERAL CONFERENCE OF UNESCO, MAY, 1950; GENERAL INSTRUCTIONS FOR THE CANADIAN DELEGATION

The instructions for the Canadian Delegation to the Florence Conference are now being prepared in the form of a commentary.

2. The principles underlying them are as follows:

Economy in the Operations of UNESCO

3. The extent to which the Secretariat of UNESCO is exercising the administrative economies called for by the General Conference is, generally speaking, satisfactory. The programme of UNESCO is approved by the General Conference, and once it goes to the Secretariat for implementation the sums placed at the disposal of UNESCO for each item of the programme are usually properly expended.

4. It is the Canadian view, therefore, that it is not in the execution of the UNESCO programme as much as in the preparation of the programme that savings

[7] Approuvé par le Cabinet, le 16 mars 1950./Approved by Cabinet, March 16, 1950.

could be effected. The Canadian Delegation will be instructed to stress the importance of limiting the expansion of UNESCO operations in new fields, in order that more attention may be devoted to the projects which are already under way.

5. It is considered, moreover, that substantial savings could be effected through a more adequate use of the facilities of well-established private international agencies which are pursuing similar aims to those of UNESCO. The Canadian Delegation will be instructed to recommend in particular the use of the facilities provided by the International Scientific Union and the International Centre of Documentation in connection with the natural sciences programme of UNESCO.

Administrative Efficiency

6. Although it is realized that the administrative efficiency of UNESCO is hampered by the frequency of sessions of the General Conference and the instability of its staff (due to the short term contracts that UNESCO offers), the Canadian Delegation will be instructed to express dissatisfaction with the manner in which correspondence with the member states is conducted. In particular, the delay by UNESCO in sending working papers for General Conferences has made it extremely difficult in Canada to consult the Canadian organizations interested in UNESCO work and to prepare detailed instructions for Canadian delegations.

Concentration of Purpose

7. A recurring theme in the communications received from the Canadian cultural organizations consulted upon the programme of UNESCO is that it is spread too thinly over a multiplicity of activities. Considerable efforts have been made by UNESCO in unifying the general programme of the Organization and establishing priorities among its various projects. The Canadian Delegation should encourage UNESCO to pursue its efforts towards a further concentration of resources. In this connection, the Delegation is to propose that very low priority ratings be given to such projects as: plans for a scientific and cultural history of mankind; the drafting of a statute on the freedom of the artist; the creation of an international institute of the press and information; plans for the education of maladjusted and handicapped children; studies of the media and techniques of international co-operation.

Closer Liaison with the United Nations and Other United Nations Specialized Agencies

8. The Canadian Delegation will be instructed to consider, in particular, the UNESCO programme in the field of the social sciences in the light of this principle. It is the Canadian view that the various studies of social tensions that threaten peace, sponsored by UNESCO, would be undertaken more logically by the United Nations Secretariat. Certain functions performed by UNESCO in the field of fundamental education would more properly belong to the World Health Organization.

Miscellaneous

9. The Canadian Delegation will be instructed to refrain from taking an active part in the discussion of UNESCO proposals to encourage the establishment of national commissions for UNESCO, as this matter is currently under consideration

by the Royal Commission on National Development in the Arts, Letters and Sciences.

10. UNESCO for the past two years has been conducting a limited programme of activities in Germany and Japan in agreement with the appropriate Allied authorities. The Canadian Delegation will be instructed to support UNESCO's activities directed towards the democratic re-education of the German and Japanese people.

11. I am attaching for your further information a more detailed summary of the instructions to the Canadian Delegation, which outlines the minimum objectives of our Delegation to the forthcoming UNESCO Conference.†

12. I should be obliged if you would indicate (a) whether you approve of instructions being prepared on the basis of the above mentioned principles; and (b) whether you agree that they do not need to be submitted to Cabinet — in conformity with the practice generally followed in the past.[8]

E. R[EID]
for A.D.P. H[eeney]

424. DEA/5582-AK-2-40

Extrait du rapport de la délégation à la cinquième session de la conférence générale de l'UNESCO

Extract from Report of Delegation to Fifth Session of the General Conference of UNESCO

CONFIDENTIAL Florence, June 1950

I. INTRODUCTION

The Fifth Session of the General Conference of UNESCO was held at Florence, Italy, from May 22 to June 17, 1950. It was attended by the delegations of 53 Member States, together with representatives of the United Nations and specialized agencies, and observers from a large number of international non-governmental organizations.

. . .

II. PURPOSE OF THE CONFERENCE

2. The majority of national delegations came to Florence convinced that the Fifth Session would be the most critical session of the UNESCO General Conference since its inception. The views of all delegations were based on fuller information supplied by the Executive Board against the background of experience gained in four years of UNESCO's activity. There existed, too, a determination on the part of most delegations, the Executive Board and the Director General to formulate, at this session, practical and effective lines of action. Although the impression had been gained in Ottawa that this conference would be primarily concerned with the

[8] Note marginale:/Marginal note:
I think that our approach and our instructions based on it are sensible. I do not think that this matter need go to Cabinet at this stage. L.B. P[earson]

mapping out of a sound basic programme, it rapidly became apparent that the Director General wished to consult the member states, in addition, on three major questions of policy. These questions are:

(1) What UNESCO's contribution should be regarding the maintenance of peace?

(2) How could the participation of member states in the work of UNESCO be intensified?

(3) Should the financial contributions of the member states be increased?

UNESCO's Contribution to Peace

3. This question gave rise to the most important debates of the whole Conference. The Director General's conviction is that UNESCO should not remain indifferent to the present ideological and political conflict between East and West. UNESCO should do more than encourage international cooperation amongst the various professional disciplines and its action should be fully integrated to that of the United Nations themselves.

4. The debate on this question was precipitated by the introduction of the Czechoslovak, Yugoslav and Belgian resolutions which in one form or other wish to reaffirm UNESCO's concern with the problem of peace. When it became apparent that the weight of the opinions expressed in the General Conference was opposed to an all-out effort for peace, the Director General handed in his resignation.

5. Towards the end of the conference, a resolution introduced jointly by the United States, the United Kingdom, France, Canada, Brazil, Ecuador, Egypt, India and Italy, instructed the Director General to prepare a programme, for the next session, tending more directly towards the maintenance and consolidation of peace. The vagueness of this resolution, however, makes it doubtful that the Director General will be satisfied to continue in office, as he agreed to do so only with the understanding that UNESCO would fulfil what he considers its primary responsibilities.

6. When the question of the election of the Chairman of the Executive Board came up, the conflict between UNESCO's active role for peace and a long-range programme based on intellectual cooperation, influenced the choice of the Chairman of the Board. The two candidates proposed for the chairmanship were Professor Carneiro of Brazil, and Count Jacini of Italy who acted as the President of the General Conference at this session. Professor Carneiro was the spokesman of those delegations who argued that UNESCO should not enter into the political arena and thus concentrate its efforts on an endeavour which is the prime responsibility of the United Nations themselves. A good many members of the Board considered, therefore, that a vote for Professor Carneiro would be a vote against the Director General. Professor Carneiro was proposed by France, and his nomination was seconded by the United Kingdom. Count Jacini was proposed by Mexico at the instigation of the United States. When the vote was taken, 8 members of the Board voted for Professor Carneiro, and 10 members for Count Jacini. As this slim majority did not appear to give the Chairman of the Board the moral satisfaction that he required, it was unanimously agreed to cancel the vote, and another vote was taken with a view

to giving Count Jacini the appearance of having been unanimously elected. At this second vote all members of the Board voted for Count Jacini, except for one abstention. It is apparent, therefore, that the forces in favour of and against the Director General's opinion are equally balanced, and this fact is perhaps not a favourable omen for the stability of the organization during the next year.

Participation of the Member States

7. The Director General also sought the opinion of the General Conference on the possibility of increasing the participation of the member states in UNESCO's activities. He argued that there were very definite limitations to what the Secretariat could independently achieve and that member states had an unfortunate tendency to expect miracles from UNESCO, while they were reluctant to match UNESCO's efforts at home. The Executive Board supported the position taken by the Director General on this point, and various proposals were submitted to the Conference aiming at an increased participation by the member states in UNESCO's undertakings. A series of resolutions concerning national commissions were adopted which should bring about a closer integration of their work with that of the Secretariat. It remains to be seen, however, to what extent the member states will abide by the recommendations of the General Conference and take the action suggested by the Director General. With this qualification, it would seem that the Director General has achieved the purpose he had in mind regarding this matter.

Financial Contributions of the Member States

8. The Director General was not satisfied with the Executive Board's refusal last March to support his request that member states be asked to increase their contribution to UNESCO. He hoped that if the programme that he presented were considered adequate, the dimension of the tasks that UNESCO was instructed to perform by the General Conference would convince member states that the financial means of the organization were totally insufficient. It became evident during the conference, however, that no government was prepared to increase its contribution. The compromise solution reached was that the member states will continue to be assessed an amount which, if it were to be paid by all members, would provide for the full budget of the organization. In view of the fact that China and other members will almost certainly fail in their payments, the Director General has been authorized to use certain surplus monies including the surplus of 1947, the increment resulting from the recent admission of new member states, and the additional funds which have become available owing to the devaluation of the pound. In this manner the budget of UNESCO will amount to $8,200,000, a sum which would not have been available for next year's budget if the financial regulations had been strictly adhered to. It was also decided by the General Conference, at the suggestion of the United States delegation, that UNESCO could call upon private and public sources for certain specific projects of primary importance, e.g. programme activities in Germany.

III. THE CONDUCT OF THE CONFERENCE

9. In retrospect the work of the various commissions and committees of the conference is over-shadowed by the issues high-lighted by the Director-General's

resignation. Before this event, however, delegations were saying that good work was being done in the various bodies. Although the three fundamental issues mentioned above were carefully avoided until the Director-General resigned, most of the other problems which confronted the session were thoroughly examined and the results in those fields may be considered worthwhile, both from the point of view of the organization as a whole and from the Canadian point of view.

Programme

10. The Programme and Budget Commission of the conference has the largest and the most difficult task, which concerned in particular two principal documents: the basic continuing programme of UNESCO and its programme for 1951. The Director General attached special importance to the approval by the General Conference of the basic programme and to the concentration of purpose on which considerable work had been done by the Secretariat. In the Commission's discussions too many long-winded statements for home consumption were made, too many questions were asked whose answers were already on record, and far too many new resolutions, most of which were predicated on the assumption that UNESCO is a milch-cow, were introduced. Comparatively few delegations included men familiar with UNESCO's work in education, science and culture; for example, only a handful of persons competent to discuss the programme in natural sciences were present and the discussion of this part of the programme almost floundered when other delegates stepped on unfamiliar ground. It was the secretariat representatives and the programme specialists on a few delegations who "carried the ball" in the Commission. But even their guidance was a mixed blessing for many of these persons often seemed to lack an understanding, or even worse, purposely chose to disregard, the financial, technical or other considerations which would have had the effect of limiting or delaying the introduction or extension of their own pet projects. Many delegations appeared completely unwilling to take unpopular stands against obviously low priority or even nonsensical proposals. As a result, projects like the "Friendship Flag" were adopted by substantial majorities. Other proposals were presented involving international support for projects which unquestionably should have been supported out of national resources.

11. This inability of the Programme and Budget Commission to relate programme activities to the financial means of the organization showed itself in the failure not only to establish priorities within the current programme but also to deal effectively with the mass of conference resolutions (over 100) urging new projects, which began to arrive the first day of the session and continued to be submitted almost to the closing day.

12. To meet the failure of this and previous sessions of the General Conference to establish priorities, the Canadian delegation put forward a resolution on concentration of purpose. This resolution, which is attached as Appendix A,† went further than a United States proposal to add certain basic objectives to the basic programme, by suggesting that the Director General be given full authority to determine an order to priorities among the various projects of UNESCO. This proposal, of course, raised a major issue, the discussion of which was particularly delicate at the time when the resignation of the Director General was under consideration. It

was thought advisable by the Canadian delegation not to press for a full debate, and to ask that it be reported upon at the next General Conference.

13. In addition, the Canadian delegation met with a large measure of success with respect to the "minimum objectives" which it had been instructed to seek with respect to the programme. Appendix B† of this report lists the various objectives set for the delegation, and the results achieved. Detailed accounts of Canadian participation in each programme field have been prepared by members of the delegation and will be suitable for inclusion in the report to be prepared for the national cooperating organizations. General[ly] speaking, the Canadian delegation adopted an attitude of critical enquiry rather than of opposition.

. . .

VII. CONCLUSIONS

74. The Fifth Session of the General Conference of UNESCO has been described by Torres Bodet as a conference of definition rather than a conference of decision. However, even if the delegations had been able to take decisions — and obviously they were not in a position to do so — on such grave issues as to whether UNESCO should become the cultural propaganda arm of the United Nations; whether UNESCO should at all costs retain its character of universality; whether the budget should be increased; to what extent member states' participation could be intensified, it must be admitted that the Director General did not provide the General Conference with sufficiently detailed information on what he meant by "a more active policy for peace". The General Conference could, therefore, do little else than instruct the Director General to present to the Sixth Session suggestions on the manner in which UNESCO's activities would tend more directly towards the consolidation of peace.

75. The member states must, in the meantime, give some thought to the future orientation of the organization.

76. As far as Canada is concerned there is an additional problem; not only must we consider the main issues raised in this conference by the Director General but we must also face the older question of whether our level of participation in UNESCO, as it exists at present, is sufficient. There is more urgency, now that UNESCO appears to be moving towards new goals and tends to be regarded as a cultural instrument for peace, to reconsidering the traditional minimum participation policy that Canada has been following so far.

SECTION E

FONDS MONÉTAIRE INTERNATIONAL
INTERNATIONAL MONETARY FUND

425. PCO/248

Adjoint exécutif du gouverneur de la Banque du Canada au greffier du Conseil privé

Executive Assistant to Governor of Bank of Canada to Clerk of Privy Council

Ottawa, October 23, 1950

Dear Norman [Robertson],

I thought that you might be interested in seeing the attached memorandum regarding the discussions with U.S. officials and the Fund on the subject of the exchange action taken by the Government at the end of September.

Yours sincerely,

L. RASMINSKY

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

CONFIDENTIAL [Ottawa], October 21, 1950

REPORT ON WASHINGTON DISCUSSIONS
RE FLOATING THE CANADIAN DOLLAR
SEPTEMBER 28-30, 1950

1. In accordance with Mr. Abbott's instructions, I saw Mr. Snyder, Secretary of the Treasury, on Friday, September 29 at noon and explained to him the reasons which had led the Minister of Finance to the conclusion that Canada should give up the existing exchange rate for the Canadian dollar without for the time being fixing a new one. The explanation was along the following lines.

During the last few months there has been a very heavy speculative inflow of U.S. funds to Canada. The speculation has been based upon the expectation that the Canadian dollar would soon be restored to parity with the U.S. dollar. Articles encouraging such thoughts have become very common in the press in recent months, including *N.Y. Herald Tribune*, *N.Y. Times*, *N.Y. World Telegram & Sun*, *Journal of Commerce* — and even Walter Winchell has told his 3 million radio listeners that this is what they may expect. Investors and others have sought to profit from the anticipated move in our exchange rate in various ways — by converting U.S. funds into Canadian and collecting the 10 per cent premium and buy-

ing securities, mainly Government securities, or simply leaving the money on deposit, in the expectation in many cases that when the rate was changed they would sell the securities and cash in on the profit. The speculative movement has of course affected Canadians as well who have sought to derive the maximum benefit from the anticipated change or protect themselves from its adverse consequences, e.g. importers, exporters, inter-company accounts.

The result has been a very sharp increase in our gold and U.S. dollar holdings.

Position	Change	
	($ millions)	
End 1949	1,117	
May 30, 1950	1,182	
June 30	1,255	73
July 31	1,320	65
Aug. 31	1,504	184
Sept. 27	1,797	295

This speculative movement started in June. Our reserves went up $75 million in that month and $65 million in July. While we welcome the inflow of capital for productive purposes, a hot money inflow is not welcome. For one thing it is costly — we pay on the average, say 3 per cent on the funds invested and we earn only 1 1/4 — for every $100 million capital inflow of this sort we are therefore out of pocket nearly $2 million. However, in spite of this and the other disadvantages of a hot money inflow, the first decision of the Minister was to ride the thing out in the hope that the inflow would peter out.

But far from petering out, the inflow has constantly stepped up in tempo. In August it was 184 million and so far in September over 300 million and it doesn't show the slightest sign of abating.

In the last 3 months alone we have added over $550 million to our reserves. As our current account surplus has been negligible the whole of this can be attributed to capital inflow. To get some idea of the magnitude of the problems this has created for us and to convert this into equivalent American terms you should multiply this figure by about 18 which is roughly the ratio of the American national income to the Canadian. It is as though the United States was called upon to add $10,000 million to her monetary gold stocks in a 3 month period, and this without any sign of the movement tapering off.

The Minister has become increasingly concerned with the inflationary consequences of this speculative inflow of funds. It is his opinion that the present situation calls for anti-inflationary fiscal and credit policies, that our economic and financial policies should be based on the assumption that the cold war will last for many years and that a strenuous effort will be called for for some time to come. This attitude is reflected in the recent tax increases imposed at the special session of Parliament in order to retain a budgetary surplus in the face of large defence appropriations.

The massive inflows of funds threaten this anti-inflationary policy. Those who sell bonds to American investors come into possession of cash which they wish to re-invest. A downward pressure on interest rates is exercised at a time when this is least desirable.

The Bank of Canada has done its best to offset the inflationary consequences of the inflow of funds and it has managed to keep the banks' cash reserves from rising by more than $5 million since June 30, even though inflow of funds requiring to be offset exceeded in amount the total deposits held by the commercial banks with the Bank of Canada on June 30. But in spite of heavy sales of securities all the Bank of Canada has been able to accomplish on the long term side has been to prevent interest rates from *falling* by more than a fractional amount. For example our 3's of 66 which were selling on June 30 at 102 1/8 to yield 2.78 are now selling at 102 7/8 to yield 2.70. And even this modest result has been accomplished by acting extensively in the field of short term rates where more ammunition was available. These rates have been pushed very high, e.g., the 3's of 53/56 are yielding 2.45 per cent for a 3 year security.

The inward pressure of funds shows no signs of abating and the Minister has reached the conclusion that we can't go on on the present basis. Something must give. In a sense we have the bear by the tail and we have to let go. The only question which arises is where will we wind up when we do let go.

All the speculation is that we will return to parity with the U.S. dollar and that is in fact the only fixed rate worth considering. Any intermediate point such as a 5 per cent premium on U.S. funds would be regarded as the first bite of the cherry and would encourage further speculation.

A return to parity would in fact put an end to the speculation and it would help deal with the inflationary situation which is causing the Minister concern. At the same time the Minister has reached the definite conclusion that he could not recommend this course of action to his colleagues.

His main reason for reaching this conclusion is that there is nothing in Canada's current account position in relation to the rest of the world which would justify him in arbitrarily raising the value of the Canadian dollar by 10 per cent at this time. Our over-all international trade position is worsening and not improving. In the first 8 months of this year we had an over-all trade deficit of $17 million compared with an over-all surplus of $83 million in the same period last year — a worsening of $100 million. Our estimated over-all current account surplus for 1950 is only $70 million, compared with $180 million in 1949 and $472 million in 1948. With the further relaxations which are planned in import restrictions and in travel restrictions it would not be surprising if our current account surplus disappeared entirely in 1951.

A return to parity would inevitably be followed by sharp losses of exchange. The speculative capital would be withdrawn, the leads and lags would be reversed and our current account position, already none too good, would worsen and might even run a deficit. It would soon appear and might in fact be the case that we had chosen the wrong rate. The speculative pressures would start operating against us and we might soon be up against the necessity of considering another arbitrary 10 per cent change in the exchange rate.

In thinking of the possibility of returning to parity the Minister is naturally influenced by the experience following our return to parity in 1946. Very soon after that we began to lose reserves rapidly and when they got down to $500 million very

drastic action was taken to restrict imports, ration travel, etc., etc. Basically the loss of reserves was due to the fact that the amount of credit we extended to the British, French, etc. to help in reconstruction after the war was in excess of the current account surplus we produced. Nevertheless in certain quarters the entire blame for all the difficulties which arose in those years was attributed to what was described as the arbitrary action of the Government in July 1946 in establishing the Canadian dollar at an "unrealistic" exchange rate. The criticism which was engendered was bitter and extreme and Mr. Abbott feels that he simply could not face Parliament and the public and again announce a return to parity unless he were thoroughly convinced that this was the right rate for Canada. He is not convinced of this and consequently he is not able to recommend this course of action.

This leaves the position then that the present rate cannot be maintained, we are being forced off it by forces too big for us to cope with, and the Minister feels that he cannot in good conscience take the responsibility for recommending parity, the only alternative fixed rate worth considering. By elimination he has come to the conclusion that the only course open to him is the one he intends to recommend to his colleagues tomorrow — to abandon the present rate without immediately fixing a new parity. The exchange rate would then be determined by the forces of demand and supply as in a free market, subject to this — that in present circumstances the Minister would not expect the Canadian dollar to fall below the present level nor would he contemplate allowing it to rise above parity with the American dollar, and the resources of the Exchange Fund would if necessary be used to accomplish this. The hope of the Minister would be that in due course conditions would show sufficient promise of stability to enable him to fix a definite exchange value for our currency.

You may imagine that Mr. Abbott did not reach the conclusion he did without a great deal of searching of mind and conscience. The exchange system he intends to recommend to his colleagues is not fully in accord with the Articles of Agreement of the Fund, and he is very conscious of this. He does not feel that we are entitled to ask the Fund for its approval when I take the matter up with them tomorrow but he does feel entitled to hope that the Fund will consider our position objectively and in a spirit of understanding rather than one of irritation and resentment.

He feels entitled to hope this because he firmly believes that if you look at the substance of what we are doing it is fully in accord with the purposes and policies of the Fund in which Canada still fully believes. In conjunction with this change the Minister intends to announce certain very important relaxations and liberalizations of our exchange arrangements. He will announce the termination at or near the beginning of 1951 of all remaining import restrictions imposed in 1947. At one time these kept out dollar imports to an amount exceeding $300 million. He will also announce that he has instructed the Foreign Exchange Control Board to liberalize the travel arrangements, and in fact it is intended, within the next fortnight, to eliminate all restrictions on travel expenditures by Canadians in the United States. The new exchange arrangements contemplated will also do away with the unofficial exchange market by merging it with the regular exchange market. This will do away with the dual exchange rate system which has been in effect since the beginning of our exchange control and will enable Americans in a position to withdraw

capital from Canada to do so at the same exchange rate as is applied to all transactions.

2. Mr. Snyder listened attentively and sympathetically to this exposition. He reacted as expected to the statement that the increase in our reserves from June 30 to September 30 was equivalent in American terms to an increase of $10,000 million in monetary gold stocks; he found the short-term rates on Government securities in Canada high; he remarked on the fact that one could not scientifically determine what was an appropriate exchange rate; and he expressed puzzlement (just before I told him what course of action was proposed) as to what a country in this position, i.e. driven off its present rate and unable to fix a new one, could do. At the end of the exposition, he thanked me for the advance notice and explanation and said he would get in touch with me in the course of the day if anything occurred to him.

3. After the discussion with Mr. Snyder I was able to get Frank Southard, the U.S. director on the Fund, to have lunch with me and I covered the same ground with him. He asked a number of searching questions but he was impressed with the magnitude of our problem and was receptive and sympathetic. He told me later in the day that at the meeting with Snyder and Martin which took place immediately after lunch, he (Southard) expressed the view that looking at the matter from an exclusively American standpoint the floating rate was preferable to parity. Parity, in his judgment, would have been regarded as more of a reflection on the U.S. dollar and as indicating a desire of the Canadians, "our best friends", to exploit the defence effort of the United States by getting better terms of trade. Southard repeated these views at the Fund Board the next day when he also made it clear that if the Canadian Government had decided to restore the currency to parity with the U.S. dollar, his Government would not necessarily have opposed the move. Southard was at pains to make it clear to me that U.S. support was based on the thought that the floating rate was a transition to a fixed one, and not a new exchange policy.

4. The discussions with the staff of the Fund regarding our exchange problem were started in Paris on September 9 when Mr. Towers and I saw the Managing Director, Mr. Gutt, and told him of the speculative inflow of funds and of the difficulties in fixing a new rate and put him on notice that the Canadian Government might decide to let the rate float. Gutt reminded us of the discussion regarding the Belgium exchange rate in September 1949 and of our opposition to the Fund approving the Belgian plan. We recalled that our opposition had been directly towards the Fund formally approving an action which was illegal under the Fund Agreement and that we had not argued that the Belgians should not follow this course of action if they thought it the best one for them — and we said that for the same reason we would not propose (should the occasion arise) to request Fund approval in our own case. Gutt remarked that he did not see how the United States could oppose in view of their favorable attitude in the Belgian case and that he thought "it would be all right". In reply to his question whether the information was entirely for himself, I first replied yes. On discussing this question again with Mr. Towers, however, we reached the conclusion that this should be withdrawn and I saw Gutt the next day and told him that we felt that it would not be right to limit his discretion in this way and at the same time I stressed the need for absolute security

and expressed the hope that he would restrict the knowledge to the smallest number necessary. Gutt was clearly embarrassed at being given discretion in the matter and said that he could not trust Overby not to inform the U.S. Treasury but on the other hand he welcomed the opportunity to discuss the matter with Bernstein.

I phoned Gutt on Wednesday, September 27 to say that I would probably be asking him on Friday to summon a meeting of the Board for Saturday to discuss action along the lines of our Paris discussion. I indicated that I expected to arrive on Thursday night and see the Americans Friday afternoon. He phoned back a few hours later to say he was concerned at the shortness of the notice we were giving to the Americans and the British as he thought the discussions in the Fund would be easier if more time were given. I undertook to have the time arrangements reviewed in the light of his advice.

Gutt phoned me again on Thursday morning to say that Bernstein, who was with him, was greatly upset at the proposed action and we arranged to meet that night in Washington. I told Gutt he could have any members of his staff he wished present.

The Thursday night meeting was attended by Gutt, Bernstein, Horsefield and Gold. It soon became apparent that the other members of the staff thought we had informed the Fund of our intentions only on Wednesday and I was of course obliged to refer to the warning given Gutt in Paris on September 9. The staff members deplored our proposed action and felt that it was very injurious to the Fund, because it threatened a general breakdown of discipline. Bernstein also argued that if the action was justified then world conditions were in fact too unstable for the Fund to work and the best thing the staff members could do was go back and do something in their own countries. He also argued that the floating rate would be bad for Canada and would not solve our problem, which could only be met by direct controls over the inflow of capital. We were, in his opinion, doing great injury to the Fund without doing any lasting good to ourselves, merely for the sake of immediate relief from the inward pressure of speculative funds.

On Friday afternoon I attended, along with Keith of our Embassy, a meeting of the senior staff of the Fund where we went over the ground for about four hours. The staff were all hostile to the action and the cross-examination fairly arduous. It was apparent that some staff members thought Bernstein's idea of direct control over capital inflow undesirable or impractical, while Bernstein and others thought that the only other alternative which came up for discussion, namely, the creation of public debt in Canada in any amount necessary to finance the inflow of capital, was one which the Canadian Government should not be expected to follow. No member of the staff proposed that the exchange rate should be adjusted upwards to a new fixed level, though I believe that this view was in fact held by at least one senior officer of the Fund.

It was clear that the senior members of the staff were deeply resentful of what they regarded as the cavalier treatment of the Fund by Canada in giving so little notice and bringing the proposal before the Fund when it was virtually an accomplished fact, and I felt it necessary before leaving Washington to make sure (without I hope contributing to the difficulties between Gutt and Overby) that the main

operating officials of the Fund knew that we had in fact given the Managing Director three weeks warning.

5. The Fund Board meeting took place on Saturday morning, September 30 and lasted, with some interruptions from 10 to 2. I began by outlining the position along the lines indicated in paragraph 1 above. There was then a recess to enable the members of the Board to read the staff paper "Canada: The Problem of Capital Imports", copy of which is attached.† This paper had to be put together in a very short time and it falls short of the normal quality of Fund documents.

After the recess I was invited to comment on the staff memorandum. I said that I had already informed the Canadian Government of the alternative courses of action (creation of public debt in required amounts and direct control of capital inflow) which the staff recommended for consideration, and that these had in fact been reconsidered but did not carry the judgment of the Minister of Finance. The objections to continuing to finance the inflow of capital through creating public debt without a corresponding increase in productive assets were: (a) the complete uncertainty as to the amounts which might be involved, (b) the foreign exchange cost, (c) the budgetary cost and (d) the loss of control of domestic monetary conditions and the creation of inflationary pressures. I described the objections to the proposal for capital import control as being (a) technical — the difficulty of distinguishing between speculative and productive inflows, the problems (including the problem of border control on Canadians) that would be created by the emergence of a premium on Canadian dollars in the unofficial market which would be the inevitable result of our instructing our banks not to buy U.S. dollars without reference to us, as we should be obliged to do, (b) substantive — the close and pervasive connections between the Canadian and American economic systems which had operated to the advantage of both countries; the fact that we might continue to want U.S. assistance in helping develop our natural resources; and the difficulty of turning capital on and off like a tap or having an attitude friendly towards certain types of capital inflow and hostile to others, in view particularly of the difficulty referred to above in distinguishing between them, (c) psychological — the general trend of governmental and public opinion in Canada is away from controls and it would be difficult to explain using powers given according to the preamble of the Foreign Exchange Control Act for the purpose of controlling capital exports, for the precisely opposite purpose.

Bernstein then made the case for the staff. He began by saying that the principle of the Fund was that exchange rates are not to be used as an instrument of domestic monetary policy and that had as a corollary that a country must find some other means of protecting itself from disturbing forces originating abroad. He did not think that what we were proposing would meet our problem. We wanted to avoid deliberate appreciation because of its affect on the balance of payments yet we would get appreciation to an unknown extent; we wanted to avoid using short term capital inflow to finance a current account deficit, yet we would be doing this to an unknown extent; we wanted to avoid accumulating the inflow of hot money, yet this would happen to an unknown extent. We must hope that a small appreciation would cut off the inflow and have but minor effects on the current account and that any residual dollar inflow could be dealt with by open-market operations. These

were uncertain hopes, and we should act on the principle that policy should be adequate to meet the problem that will arise under the most unfavorable assumptions. He agreed that parity should be rejected and thought the creation of public debt and offsetting open-market operations unsuitable in view of the large magnitudes involved. Therefore he came to the recommendation regarding capital inflow, arguing that at least it was worth a try. In any case it was a dangerous policy for a government to allow the exchange rate to be primarily affected by capital movements of a speculative character — particularly for Canada such a course meant continued uncertainty in exchange policy.

The members of the Board were then asked to express their opinion. Southard (U.S.A.) said the case for the Canadian action had been made out in a detailed and persuasive way. He had feared that a restoration of our exchange rate to parity with the U.S. might be in mind and he preferred the idea of letting the rate find its own level. Referring to Bernstein's remarks, he said that I had not claimed that our proposal would solve our problems, but if it didn't no doors would have been closed. His own hunch was that we could so manage the rate as to bring speculation under control. Even if we were driven to some form of capital import control in order to get back to a fixed rate, this would stand a much better chance of public acceptance after we had made this experiment. He shared my views regarding the desirability of avoiding interfering with the economic relationship between Canada and the U.S. in this way if at all possible.

Crick (U.K.) said that the Canadian Government had made out the case that their domestic monetary situation was being distorted by violent capital inflows and in his opinion we could not be expected to go on indefinitely buying all U.S. funds offered at the fixed rate. The floating rate proposed involved a degree of exchange instability which might produce difficulties for the U.K. but the U.K. Government was sure we had arrived at our decision after full consideration of all the difficulties involved including the difficulties to other countries. As to the alternatives proposed by the staff, open market operations to offset inflationary effects was feasible for small inflows but not for such massive ones; and the control of inward capital movements was an unknown field — he could not conceive of the Canadian investment economy being so divorced from the U.S. investment economy. In the circumstances the U.K. Government would not question the decision the Canadian Government felt obliged to take.

Beyen (Netherlands) remarked that this was the third case of the kind the Fund had faced — Belgium, which had not acted on the approval given, Mexico, and now Canada. He thought it no accident that the two countries which had been forced to let their rates float were the neighbors of the United States. He thought I had made out a strong case that this was a special situation and felt that the Canadian Government had to decide what responsibilities it was willing to take. For his part he did not think that capital import control was feasible in our situation nor that we should be expected to go on indefinitely creating public debt to finance additions to reserves.

Gutt intervened at this point to say that Beyen's remark that the Canadian Government had to decide what responsibilities it would take seemed to represent the

negation of the Fund concept — the Canadian Government had responsibilities under the Fund Agreement too. Beyen replied that this was true, but if the Canadian Government came to the conclusion that in order to cope with a serious problem it had to follow a certain course of action the Fund was not entitled to insist that alternative courses should be followed unless it could clearly demonstrate that they were preferable, and this the staff had failed to do.

Falaki (Egypt) found the Canadian exposé and replies convincing, de Lavergne (France) thought the proposal commendable, in view of the difficulties of the alternatives, Santaella (Venezuela) thought a strong case had been made out. Joshi (India) wondered whether this meant that any country faced with a similar situation could feel entitled to act in the same way.

6. Various proposals were put forward for the wording of the decision. Southard said he would like to use language similar to that which he had proposed and the Board had (on division) adopted in the Belgian case in September 1949. This would have described the Canadian action as "appropriate" and given the Board's formal approval. All the members of the Board who spoke except the U.K. and India said they would support this language. The U.K. suggested that the Fund should recognize the difficulties of the situation in its decision. The staff proposed language much less favorable than they had themselves put forward in the case of Belgium — that the Fund should merely take note and request us to remain in consultation. I said that it was clear that the consensus of opinion in the Board would be to describe the Canadian action as appropriate and formally approve it, but that it seemed to us that the decision should be formulated in a way which would not divide the Board but which all could approve. We would therefore suggest that the language should follow the general line which the staff had proposed in the Belgian case. This suggestion was adopted and the decision was as follows:

"1. The Government of Canada has informed the International Monetary Fund that in order to cope with large inflows of capital it has decided for the time being to allow the foreign exchange value of the Canadian dollar to fluctuate and therefore will not ensure that exchange transactions within its territories will be based on the par value established with the Fund.

2. The Fund recognizes the exigencies of the situation which have led Canada to the proposed plan and takes note of the intention of the Canadian Government to remain in consultation with the Fund and to re-establish an effective par value as soon as circumstances warrant."

426. DEA/6000-H-40

Note du chef de la Direction économique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Economic Division, to Under-Secretary of State for External Affairs

SECRET [Ottawa], November 7, 1950

CANADIAN RELATIONS WITH THE INTERNATIONAL MONETARY FUND[9]

The Canadian dollar was unpegged on Monday, October 2nd. The previous Friday Rasminsky went to Washington to tell our story to those concerned. He gave an account of his discussions at the last meeting of the Foreign Exchange Control Board (which I attended as your alternate); he has now sent us a long document giving a play-by-play account. I doubt you will want to go through this document but the following points should be called to your attention:

(a) The suggestion that Canada did not give reasonable advance warning to the Fund is quite untrue. Towers and Rasminsky told Gutt what was in the wind when they met him in Paris at the Fund meetings during the first half of September. Gutt, on his own responsibility, decided to tell none of his staff. Thus, when Rasminsky arrived in Washington to break the news, the staff believed that this was our first warning to the institution. Rasminsky (not Gutt) indicated to them what had taken place in Paris; in the meeting of the Executive Directors on Saturday Bernstein, Chief of Research in the Fund, and its most able officer, openly stated that Gutt did not have full confidence in his staff. Thus an already tense situation in the Fund was aggravated.

(b) What Towers and Rasminsky told Gutt in Paris was that the inflow of funds might force Canada to do something about the exchange rate and that the Minister of Finance, after consultation with the Prime Minister, had decided that it was not practicable — politically or economically — to establish any new fixed rate. Mr. Abbott was apparently very definite about this.

(c) It was on Friday night that Rasminsky told Gutt and the chief officials of the Fund what was going to take place. The officials were strongly opposed to the Canadian action. At the meeting of the Executive Board on Saturday they put forward various alternatives, including Canadian restrictions on the *inflow* of capital from the United States. Mr. Rasminsky tried to explain to them that their proposals were impracticable. (There is no doubt regarding their impracticability.)

(d) Before the meeting of the Executive Directors Rasminsky called on Mr. John Snyder, Secretary of the Treasury, and got a most sympathetic hearing. Snyder was

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[9] Note marginale:/Marginal note:
Mr. Plumptre[:] I w[oul]d like to discuss this with you (+ one or two other things — NATO econ[omic] and supply studies [See/Voir Document 623], demands for [Korean] relief [See/Voir Document 117] (etc) What about Friday 4 pm. Pl[ease] confirm with Miss Roe[.] Nov[ember] 8. A.D.P. H[eeney]

completely convinced that the proposed Canadian action was right in all the circumstances.

(e) In the subsequent meeting the Executive Directors were unanimous in agreeing with the Canadian action and overruled the objections and alternatives put forward by the staff of the Fund. The impression given in the newspapers that the Fund really opposed the Canadian action is quite untrue. It appears that Fund officials, talking to newspapermen, have fostered this impression.

2. The question arises: where do we go from here? Two officials of the Fund have visited Ottawa to explore the situation. I attach two brief memoranda:

(a) A memorandum that I wrote on October 18th, and

(b) Some comments by Mr. Reid dated October 20th.

You will see that Mr. Reid suggests that you might like to discuss the question with me.

3. If you think that the matter should be pursued by this Department it could be done in either of two ways. I could explore it informally with Rasminsky and others. Alternatively you might like me to draft a letter for your signature to Mr. Towers suggesting that it should be explored at the next meeting of the Foreign Exchange Control Board.[10]

A.F.W. P[LUMPTRE]

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note du chef de la Direction économique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Economic Division, to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], October 18, 1950

CANADIAN RELATIONS WITH THE INTERNATIONAL MONETARY FUND

Two officials of the I.M.F. have been in Ottawa for the past few days. They came with misgivings and I believe that when they left they were pretty discouraged.

2. Canada's abandonment of a fixed par of exchange is directly contrary to the Articles of Agreement. In his public statements Mr. Abbott has suggested that the rate is being allowed to go free for the time being with the implication that at some future date, when the rate has settled down, a new par will be established. However, when one gets down to brass tacks I doubt whether there are many officials here who would recommend the establishment of a new par in the visible future; I further doubt that the Government would accept such advice even if it were given.

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[10] Note marginale:/Marginal note:
Note: I discussed this with Mr. Heeney on Nov[ember] 11th[.] He approved of the first alternative in para[graph] 3. A.F.W. P[lumptre] Nov[ember] 13/50.

3. This is what the two visitors from the Fund have in effect found out. They go back to Washington wondering whether Canada will ever again be a member of the Fund in good standing. They regard this as a severe blow — perhaps even a mortal blow — to the Fund; Canada has from the very beginning been regarded as one of its great sources of strength.

4. I discussed with the two visitors possible changes in the Articles of Agreement. They took a completely defeatist line saying that a change was impossible. I doubt that this is true. The sort of change that would make our position tenable would be one which allowed an exchange rate to fluctuate appreciably around the fixed par. At present it must be tied to within 1% of par. This might be extended to 4 or 5% in either direction. Thus, if the Canadian par were taken at 95 cents (U.S.), the Canadian dollar could be allowed to swing up to parity and down to 90 cents.

5. The Fund officials said that no other country in the world needed this sort of elasticity; Canada's position was unique. Again I doubt that they are right. I can certainly imagine conditions in the future when the United Kingdom would be quite happy to have similar elbow-room. The same goes for some of the Continental countries.

6. Assuming there is no change in the Articles of Agreement, a way out might be found in the following direction — although it would not bring us back into complete conformity with the Articles. We might fix a new parity of say 95 cents (U.S.) and then state that we could not maintain the 1% limit in each direction; instead we were going to have to operate on a 5% limit. It would be far more easy for the Fund to approve this policy, which involves the establishment of a Canadian par of exchange and a mere stretching of the limits on each side, than the present position in which there is no par established at all. I do not know what other Canadian officials would think of this plan.

7. However, I do feel concerned about Canada's relationship with the Fund and indeed about the whole future of the Fund. I feel sure that what is really needed is a shakeup in the Articles of Agreement, but there are all sorts of entrenched differences of opinion, particularly between the United States and the United Kingdom, as to what sort of changes ought to be made. Under these circumstances it seems pretty unlikely that any change in the Articles is likely to be achieved.

8. Since this memorandum contains my personal and tentative ideas, I would be grateful if you would not give it any circulation. However, I would very much appreciate your guidance as I would like to discuss these matters with officials of other Departments in the near future.

A.F.W. P[LUMPTRE]

[PIÈCE JOINTE 2/ENCLOSURE 2]

Note du sous-secrétaire d'État suppléant aux Affaires extérieures pour le chef de la Direction économique

Memorandum from Deputy Under-Secretary of State for External Affairs to Head, Economic Division

CONFIDENTIAL [Ottawa], October 29, 1950

CANADIAN RELATIONS WITH THE INTERNATIONAL MONETARY FUND: YOUR MEMORANDUM OF OCT. 18

On general political grounds I agree with the line which you take in your memorandum.

2. We have in general a good reputation in the world of living up to our international engagements and it is, I think, particularly important that we should live up to our international engagements when these are embodied in multilateral treaties which have the character of international constitutional acts setting up organs of the international community.

3. It is not only that we wish to preserve our reputation but that it is not in our national interest to establish precedents which would make it easier for other countries to depart from their international undertakings.

4. It is therefore most unfortunate that Canada has been put in a position by the recent abandonment of a fixed par of exchange where it has committed what I understand to be a breach of the undertakings which it gave by becoming a member of the International Monetary Fund.

5. It seems to me that the only way we can re-establish our position would be to press as soon as possible for the necessary changes in the Articles of Agreement, particularly if we can argue that these changes in the Articles of Agreement are not only required in order to legitimize our action but that they are desirable in themselves. Even if we do not meet with success in our efforts to have the changes made, we will at least have given some indications of good faith and we can then go on as a second best to do what you suggest in paragraph 6 of your memorandum.

6. If your ideas meet with any favour in your informal discussions with officials of other Departments, I assume that our first step would be to discuss the ideas informally with the British.

7. My general feeling is that the time has come during the next year or two for responsible countries to look again at the constitutions of all the specialized agencies in order to decide whether changes might not now be usefully made in their constitutions in the light of the experience of the five or six years since they were drawn up.

8. I do not know whether Mr. Heeney would agree with me on this and perhaps you would like to discuss the matter with him.

E. R[EID]

427. DEA/6000-H-40

Note du chef de la Direction économique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Economic Division, to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], January 5, 1951

CANADA AND THE INTERNATIONAL MONETARY FUND

Some weeks ago you agreed with my suggestion that I might talk to Rasminsky about Canada's relationship to the I.M.F. I had a long talk with him yesterday. I explained that we were naturally rather disturbed that Canada, which had been such a firm supporter of international institutions in general and the Fund in particular, should continue in a position of failing to live up to all the articles of agreement. I asked whether he thought any change in the situation was likely or desirable.

2. There appeared to be four choices: to go back to a fixed par of exchange; to change the form of our infraction to one that might be more acceptable to the Fund; to obtain a change in the articles of agreement so as to take into account and legalize the position in which we found ourselves; and finally to go on as we are.

I. *Return to a Fixed Parity*

3. Rasminsky thought that this was most unlikely for the indefinite future. Towers was in Washington last month and indicated this situation both to the United States authorities and to officials of the Fund. Canadian officials would not be prepared to recommend a fixed parity and Ministers would not be prepared to accept such a recommendation — at any rate "until United States investment opinion was prepared to take a stable long-run view of the position instead of a mercurial short-run view".

II. *A Change in the Form of Canada's Infraction*

4. I suggested to Rasminsky that Canada's position might be more acceptable to the Fund if, instead of allowing our exchange rate complete freedom, we adopted a fixed par on say 95 cents (U.S.) and then said that we would keep Canadian funds within 5 per cent on each side of this par instead of the 1 per cent allowed by the articles of agreement.

5. Rasminsky agreed with me that this policy would be practicable for Canada. On the other hand he doubted that it would really improve our relationships with the Fund. He reminded me that the Executive Directors of the Fund had not condemned the Canadian action last September. Indeed they had accepted it readily and sympathetically. It was only the staff of the Fund that had been upset and their upset was caused primarily by the fact that they believed (wrongly) that Canada's first approach to the Fund on this subject had taken place only two days before the actual event.

6. Therefore the change that I was proposing could not really be considered much of an advance from the point of view of the Fund. Certainly in the eyes of the world Canada would still be breaking the articles of agreement.

III. *An Attempt to Change the Articles of Agreement*

7. I suggested that if we accepted the arguments Rasminsky had put forward so far the logic of our position should lead us to propose a change in the articles of agreement at the next meeting of the Governors of the Fund in September, 1951.

8. Rasminsky agreed that this would be a logical step. On the other hand he felt reluctant to take it for two quite different sorts of reason.

9. In the first place a change in the articles of agreement would have to be accepted by legislatures of all the member countries. Thus the whole of the articles of agreement would come up for consideration in all legislatures, including Congress.[11] The Fund had been under serious criticism in many countries for many reasons during the recent years and Rasminsky was reluctant to precipitate a review of its constitution and its actions in legislatures at this time.[12]

10. In the second place, the fact that the Fund was not in very good standing in the eyes of the public in various parts of the world was a reason why we need not be too worried if we were not living strictly up to all the articles of agreement. We would not need to be too meticulous about our status in the Fund.

11. Unlike the International Bank, which has shown an increasing readiness to make loans in difficult and changing circumstances, the attitude of the Fund has been niggardly and recalcitrant. It has been dominated by the United States which has had two main reasons for restricting its operations. The first reason is a fairly good one: the United States has been unwilling to see Marshall Plan-countries, which were receiving funds for reconstruction directly under ECA, obtain additional money from the Fund. The second reason is not so good: the United States has insisted that, before countries could obtain money from the Fund, they should put up convincing evidence of progress towards non-discrimination and convertibility. Most countries have been unable or unwilling to put up evidence satisfactory to the United States. Hence the resources of the Fund have remained largely unused.

12. Rasminsky has argued these points in meetings of the Executive Directors on a number of occasions. However, he has not had much support from other coun-

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[11] Note marginale:/Marginal note:
It seems to me that unless there are most compelling reasons for change we should not at this early date begin amending the charters and constitutions of any of the international organizations established after the Second World War. While I recognize the dangers of rigidity, it seems to me essential that Arabs, Latin Americans and others learn the values of sacrosanctity in a constitution. The important thing is to make the constitution work. If we once admit that the constitution can be changed when we run into a problem, we shall have pulled the plug and find ourselves at the mercies of special pleaders of all kinds — not to mention crackpot world federalists. J.W. H[olmes].

[12] Note marginale:/Marginal note:
Why? If it hasn't been doing as good a job as it could, a little re-examination by legislatures might be a good thing. Jan 8/51. E. R[eid]

tries, not even from the United Kingdom. Canada has had to make the running. I feel sure that his failure to make progress in these matters must influence his view of the need for Canada to "regularize" its position in relation to the Fund.

13. Rasminsky added that there were some glimmerings of a change in the United States attitude. However, it is as yet too early to be sure.

IV. *Go on as we are*

14. If we reject all the alternatives discussed above we simply go on as we are. Rasminsky obviously feels that this is not too invidious a line to take. He relies on the readiness with which the Executive Directors accepted the Canadian action last September. However he adds, as a warning, that the United States did accept that action only on the understanding that it was temporary and that at some future time a new parity would be fixed.

15. Rasminsky also emphasized that, while we are infringing one of the articles of agreement, our actions since last September have been very much in accord with other articles and with the general spirit of the constitution of the Fund. Canada has removed all its quantitative restrictions on imports and has virtually removed restrictions on travel. We have approached nearer to a position of full convertibility of the Canadian dollar as a result of a number of relaxations in F.E.C.B.'s administrative rulings regarding capital movements by non-residents. Finally, except for some rapid movements a few days after the original action, the Canadian dollar has shown remarkable stability; it has in fact fluctuated within 1 per cent on each side of a rate of 95 cents (U.S.). Thus, looking back over what has happened and comparing our position in relation to the Fund with that of other countries, there are very few countries that are really in a position to throw any stones at us.

Conclusion

16. In conclusion it appears that Rasminsky and the others concerned are not at present contemplating any steps to regularize Canada's position in relation to the Fund.

17. I think that my talk with Rasminsky has been useful. In the first place it has brought me up to date on his thinking. In the second place it has indicated to him that this Department is concerned by the anomalous position of Canada in relation to the Fund. (He readily agreed that such a situation should be of concern to our Department). I feel sure he will keep this matter in mind in future discussions of the subject.

18. I do not think that any further discussions with F.E.C.B. or the Bank would be helpful at the present time but if you agree I will have a talk with Deutsch along the same lines as my talk with Rasminsky.[13]

A.F.W. P[LUMPTRE]

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[13] Note marginale:/Marginal note:
Please do. A.D.P. H[eeney] Jan 7

SECTION F

UNION INTERNATIONALE DES TÉLÉCOMMUNICATIONS : CONFÉRENCE RÉGIONALE SUR LA RADIODIFFUSION EN AMÉRIQUE DU NORD
INTERNATIONAL TELECOMMUNICATIONS UNION: NORTH AMERICAN REGIONAL BROADCASTING CONFERENCE

428. C.E.W./NARBA 1950

Le sous-ministre du Transport (aérien)
au deuxième secrétaire de l'ambassade aux États-Unis

Deputy Minister of Transport (Air)
to Second Secretary, Embassy in United States

Ottawa, November 29, 1950

Dear Mr. [Gordon E.] Cox,

Herewith is copy of the report of November 28th we have made to the Minister and External Affairs on the Third North American Regional Broadcasting Conference, Washington, 1950.

This is somewhat in the nature of a progress report as we have not yet received the documents and it may be that when they arrive, we will submit a more formal official report.

Yours very truly,
C.P. EDWARDS

[PIÈCE JOINTE/ENCLOSURE]

Note du sous-ministre du Transport (aérien)
pour le ministre du Transport

Memorandum from Deputy Minister of Transport (Air)
to Minister of Transport

[Ottawa], November 28, 1950

I have pleasure in reporting to you that the Second Session of the Third North American Regional Broadcasting Conference which convened in Washington, D.C., on Wednesday, September 6, 1950, concluded its labours by the signing of the North American Regional Broadcasting Agreement on Wednesday evening, November 15, 1950. The Agreement signed by me on behalf of Canada was also signed by representatives of the following countries in the Region:

Bahama Islands & Jamaica
Cuba
Dominican Republic
United States of America.

The Agreement was not signed by Haiti and Mexico, although the former, which had no representative present, followed the negotiations with keen interest and have indicated their intention of adhering to the Agreement.

The negotiations involved have been long and protracted, encompassing as they have the First Session which ran from the middle of September to early in December last year at Montreal, adjourning then to permit bilateral discussions between the United States and Cuba before reconvening in Washington. The deadlock in Montreal between those two countries was practically unchanged at the time of the opening of the Washington session, and Mexico's presence, with far-reaching demands, considerably complicated the situation.

The fundamental problems facing this Conference arose from the fact that radio broadcasting in the United States had developed so rapidly over the past twenty years that at the time of the First North American Regional Conference in Havana, Cuba, in 1937, the United States held a dominant role in operation of broadcasting stations, whereas Cuba, Mexico, Haiti, Dominican Republic, etc., had not developed as rapidly and did not possess the economic capacity to utilize additional facilities. There were 700 stations to be dealt with at the time of the Havana Conference, and the number of broadcasting stations now in existence in the Region is very close to 3,000.

Canada has fared very well since the 1937 Conference. However, the situation with respect to Cuba and Mexico has grown increasingly difficult because of the excessive interference created by stations in those countries to nearby areas of the United States of America. In essence, the result was that the small countries of the Region came to Montreal last year with demands for more frequencies, the only possible solution being that the United States reduce their use of broadcasting channels.

Canada, fortunately, went into both these sessions of the Conference in a favourable position in that we had been able to expand to full utilization the facilities afforded us by the foresight of the long term arrangements concluded at Havana; hence, our additional requirements were relatively moderate. This was providential, inasmuch as the long Canadian-United States border would make the problem technically insurmountable had we demanded additional frequency assignments. Cuba and Mexico, on the other hand, having relatively short geographical proximity to the United States, could seek adjustments on the basis of alteration of assignments to United States stations in restricted areas. Nevertheless, Canada had as well defined objectives the following:

(1) To secure recognition of the use of 540 kc/s as Canadian Class 1A priority channel and to secure International agreement assuring protection of this very important channel;

(2) To seek general improvement of broadcast reception conditions in Canada by the reduction, if possible, of existing interference. This includes protection against degradation of the existing radio broadcasting service by the acceptance of lower standards of interference levels between stations.

(3) To permit expansion of service to Canadian listeners by the use of Canadian Class 1A channels by more than one station in Canada, while at the same time not

degrading these channels by permitting increased interference to our borders from stations in other countries. This was a vital requirement because of the peculiar pattern of our population distribution in the Western provinces, and would permit us to establish three or more new stations in the West operating on the same frequencies as Class 1A stations in Eastern Canada, thus providing better broadcasting coverage of Canada.

(4) To write into the Treaty recognition of certain special situations which had arisen in the assignment of Canadian stations to channels on which specific priorities existed for stations in other countries and where bilateral agreement had been reached on the continued protection to the Canadian stations concerned.

I am happy to report that we have achieved in this Agreement the major objectives we sought. Not only have we had written into the Agreement the acceptance of the principle of assignment of more than one station within a country to a Class 1A channel assigned to that country, but also the priority of existing Canadian broadcasting stations. I am also glad to report that, notwithstanding the marked increase in the number of broadcasting stations for which provision had to be made, any increase in the general interference level which may result therefrom may be considered negligible, insofar as Canadian broadcasting services are concerned. On the other hand, we contributed to the cooperation to improve broadcasting coverage in other countries, particularly Cuba, by renewing to that country the official recognition agreed to in the modus vivendi of 1946, of four existing stations whose signals on our border were higher than the general figure specified in the Treaty but where we were amply protected by having an adequate signal of our own in the area. Four years operation at this level since 1946 has indicated that it is not causing interference with Canadian stations.

I would be remiss if I did not mention the great desire of the United States to reach an accord with the countries concerned and the many sacrifices they made in their radio coverage patterns, particularly in the eastern seaboard, to accommodate the establishment of stations in Cuba. In like manner they were prepared to make major sacrifices to bring Mexico within the Agreement, although Mexican delegates, whose demands were exceedingly high, including the expressed intention of covering the major portions of the United States with interference-free signals, decided that they could not obtain sufficient concessions and withdrew from the Conference on Wednesday, October 18th.

I am glad to report that, on leaving, the Mexican Delegation expressed, privately, to the Canadian Delegation their continued high regard for Canada and their desire to cooperate with us in matters of mutual protection against interference.

The document which was signed at Washington consists of the Agreement proper and three Annexes, encompassing provisions to deal with the present advanced state of the broadcasting art within the Region and providing for orderly development in the future.

While fully protecting the sovereign rights of all countries concerned, the Agreement establishes control of interference created internationally between countries. Within the Agreement there is established recognition of existing priori-

ties of stations and protection of the existing channel framework of clear, regional and local.

Part 1 of the Agreement deals with the presentation and scope of the Agreement; Part 2 — definitions of technical terms and channeling; and part 3 — procedure.

Under procedure, provision is made for the next pleni-potentiary conference to be held four years after the entry into force of the present Agreement. The Agreement further provides that in the interim, administrative conferences may be called to revise the technical standards applicable to the operation of broadcasting stations, if necessary. Provision is also made to deal with certain technical matters in Annex 2 by mutual agreement between governments concerned and is likewise made for the continuation of research and exchange of technical information in connection with the broadcasting services. The Treaty also sets up procedures for the notification of new broadcasting stations, changes in existing broadcasting stations, etc., and the ratification of adherence and accession to the Agreement which is to come into force upon being ratified or adhered to by three of the following countries:

Canada
Republic of Cuba
Mexico
United States of America.

The usual clause with respect to denunciation requiring one year before taking effect has also been incorporated.

Annex 1 appended to the Agreement consists of detailed procedures for Setting up of Conferences, the Composition of Delegations and the Procedures to be followed at Conferences. This annex also gives detailed procedures to be followed in Settlement of Differences, including a choice of Arbitration or reference to the International Court of Justice.

Annex 2 to the Agreement comprises essentially the technical provisions covering the operation of broadcasting stations and the assignment of stations to the various classes of channels. The procedures to be followed are set down for the investigation of interference and exchange of notifications. Detailed appendices to this Annex comprise lists of Priorities on Clear Channels and tabulated signals of permitted interference levels. Also included are graphs of Field Intensity versus Distance, Angles of Departure of Radio Waves, Ground Conductivities, Vertical Plane Radiations, etc.

The final Annex to the Agreement — Annex 3 — consists of a detailed list of all existing broadcasting stations in the North American Region, together with detailed notes establishing all special conditions of operations and protections for such stations. This list continues in effect priorities of protection of all the stations in the Region, such priorities having been in jeopardy since the termination of the last Agreement on the 29th of March, 1949.

While many compromises were made by the delegates from the United States and Cuba, the prolonged and arduous negotiations in which all delegations participated and which have resulted in the bringing into being of the Agreement, have created a feeling of success among the delegations present in Washington, which

was ably expressed by the head of the Cuban Delegation — Dr. Jose R. Gutierrez. He pointed out at the final Plenary Session that this is the first time that a major radio conference has met since the World Telecommunications Conference of 1947, when mutual Agreement has been reached and that by so doing the countries of the North American Region have shown their ability to perpetuate under democracy an equitable way of life with equal opportunity to all countries, irrespective of size.

During the difficult negotiations between the United States and Cuba, able assistance was rendered by members of the Canadian Delegation in suggesting possible solutions to the problems confronting the other delegations. In this connection, Dr. Gutierrez of the Cuban Delegation expressed to us his high regard for the abilities of our officers and stated that their integrity gave the Cuban Delegation assurance of a fair and unbiased help in resolving the difficult problems Cuba faced.

In closing this report, I would mention, as I did in Montreal, the high caliber of the work of the Canadian Delegation led by the Controller of Telecommunications — Mr. Browne. Our officers worked well and hard, often into the early morning hours, to fulfil their part in the shaping of the Agreement. Senior Engineer Smith was active in the Technical Committees, ably assisted by Engineer Mather; the Chief Inspector of Radio — Mr. W.A. Caton — was active in the Juridical and Drafting Committees; and Miss V. Fisher performed the work of Secretary to the Delegation very efficiently.

I think, also, that special mention should be made of our contributions to the Conference, including the leadership of the all-important Drafting Committee by Mr. Gordon E. Cox, Second Secretary of the Canadian Embassy in Washington, D.C. The work of Mr. Cox was praised by the heads of the delegations from all countries represented.

I should also like to mention the assistance rendered by Mr. W.G. Richardson of the Engineering Staff of the Canadian Broadcasting Corporation, who took over the Chairmanship of the Technical Committee when pressure of work precluded Commissioner Hyde, the head of the U.S. Delegation, from carrying out his duties in this respect. Mr. Richardson diligently pressed the work of this important Committee to a satisfactory conclusion.

Although at times I was somewhat discouraged and apprehensive that no Agreement would be reached, it has given me, personally, deep satisfaction to have been selected as the Chairman of this all-important Conference and that we were able to bring it to a successful termination.

We believe that in the writing of this Treaty we have not only provided for the signatory countries, but have left the door wide open for the adherence of that very important member of our North American family — Mexico.

The final documents of the Conference will not be ready for a week or two because of the terrific pressure under which the final sessions were concluded and the inability to keep up with the work in the printing. A Continuing Committee of the Conference, chaired by Captain Cross of the United States State Department

and made up of Mr. Gordon E. Cox of the Canadian Embassy in Washington, and Dr. Recardo Sarabasa of the Cuban Embassy in Washington, are handling details.

Respectfully submitted,
C.P. EDWARDS

2e PARTIE/PART 2

AUTRES ORGANISATIONS
OTHER ORGANIZATIONS

SECTION A

ACCORD GÉNÉRAL SUR LES TARIFS DOUANIERS ET LE COMMERCE
GENERAL AGREEMENT ON TARIFFS AND TRADE

SUBDIVISION I/SUB-SECTION I

QUATRIÈME SESSION DES PARTIES CONTRACTANTES
23 FÉVRIER - 3 AVRIL 1950
FOURTH SESSION OF CONTRACTING PARTIES
FEBRUARY 23 - APRIL 3, 1950

429. DEA/9100-X-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

[Ottawa], January 25, 1950

CANADIAN DELEGATION TO FOURTH MEETING OF COUNTRIES MEMBERS OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE

Pursuant to a decision taken at their Third Session which was held at Annecy, last summer, the Contracting Parties to the General Agreement on Tariffs and Trade will hold their Fourth Session at Geneva, beginning February 23. It is expected that the Session will last four to five weeks.

I would recommend, subject to your concurrence, that the following officials who have been nominated by the Deputy Ministers concerned should compose the Canadian Delegation:

Department of External Affairs.
Chairman:
Mr. L.D. Wilgress, High Commission for Canada in the United Kingdom
Mr. Louis Couillard, Economic Division.
Department of Finance.
Mr. J.J. Deutsch, Director, International Economic Relations Division

Department of Trade and Commerce.
Mr. H.R. Kemp, Director, Commercial Relations and Foreign Tariffs Division
Mr. C.M. Isbister, Director, International Trade Relations.[14]

A.D.P. H[EENEY]

430. PCO

Extrait du procès-verbal de la réunion du Comité interministériel sur la politique du commerce extérieur

Extract from Minutes of Meeting of Interdepartmental Committee on External Trade Policy

SECRET [Ottawa], February 15, 1950

Present

Mr. N.A. Robertson, Secretary to the Cabinet (Chairman),
Dr. W.C. Clark, Deputy Minister of Finance,
Mr. M.W. Mackenzie, Deputy Minister of Trade and Commerce,
Dr. G.S.H. Barton, Special Assistant to the Minister of Agriculture,
Mr. D. Sim, Deputy Minister of National Revenue,
Mr. J.E. Coyne, Deputy Governor of the Bank of Canada,
Mr. H.B. McKinnon, Chairman of the Tariff Board.
Mr. R.G. Robertson, Privy Council Office (Secretary).

Also Present:

Mr. J.J. Deutsch, Department of Finance,
Mr. T.N. Beaupré, Department of Trade and Commerce,
Mr. C.M. Isbister, Department of Trade and Commerce,
Mr. D.V. LePan, Department of External Affairs.

GATT; MATTERS FOR DISCUSSION AT THE FORTHCOMING MEETING

1. *Mr. Deutsch* said that he and Mr. Isbister had recently had discussions in Washington with the U.S. representatives to the GATT meeting. One of the more important questions that had been discussed had been the handling of the problem of discriminatory import controls, on which a report had to be made by March 31.

The U.K. reply to the general questionnaire on the subject had been drafted to set forth both the details of the U.K. controls and also the justification and argument in relation to them. The reply had been presented to the U.S. authorities in advance and they had indicated that if it went forward as drafted they would be forced to challenge it. In view of the undesirability of having an open argument on the underlying policy at this stage, the United Kingdom had revised their report and it would now be purely factual. The United States would not, itself, raise policy questions in relation to it and would probably not follow up any action that might be initiated by other parties.

In part, the U.S. reluctance to go into this matter at the present time arose out of uncertainty as to what to do following the recent OEEC discussions in Paris. Mr. Hoffman had hoped to get agreement in relation to a clearing union, relaxation of

[14] Approuvé par le Cabinet, le 1 février 1950./Approved by Cabinet, February 1, 1950.

quantitative restrictions on trade, dual pricing and the appointment of a "superman" to head the work of OEEC. Only in connection with the last had there been any success. In Washington there was now a large area of disagreement as to what U.S. policy should be in relation to discriminatory relaxation of trade restrictions and in the circumstances they wished to avoid having to take a definite position on the general question at the Geneva discussions.

A further question in which the United States would be most interested at the GATT meeting was the use of quantitative restrictions, whether discriminatory or not, for protectionist purposes. U.S. officials were of the view that a large proportion of present restrictions by European countries — they estimated about two-thirds — were imposed for protectionist reasons and went beyond what balance of payments considerations would justify.

2. *Mr. Isbister* said that he thought that the U.S. approach in connection with use of restrictions for protectionist purposes might be to raise points of detail in connection with the observance of the rules of GATT rather than to go at the matter from a broader and more general base. So far as the question of discriminatory relaxation of trade restrictions was concerned, there were two schools of thought among the U.S. officials: that which held that it would be desirable to press forward with relaxations, even though on a discriminatory basis, if a unified approach could be secured by the European countries and if liberalization within that area at least seemed a hopeful possibility; and, secondly, that which held that relaxation within a given area was not a step toward general liberalization but rather created a special bloc fenced off from the rest of the world which would be likely to develop a tendency toward isolation of a permanent character. One group in the State Department and ECA in general tended to favour the first view. The Treasury and a different group in the State Department were opposed to that attitude and adopted the second approach.

3. *The Committee*, after discussion, noted the report concerning talks in Washington on certain matters likely to arise at the Geneva meeting of GATT.

. . .

431. DEA/9100-X-40

Extrait d'une lettre du délégué auprès de la quatrième session de l'Accord général sur les tarifs douaniers et le commerce au chef de la Direction économique

Extract from Letter from Delegate to Fourth Session of General Agreement on Tariffs and Trade to Head, Economic Division

Geneva, March 24, 1950

Dear Wynne [Plumptre],

. . .

Our work here is rapidly drawing to a close, although the main questions, namely, Q.Rs[15] and balance of payments, have not yet come out of the working party stage, where the reports on those subjects are, at the present time, being debated word by word. The relatively rapid progress which has been made in dealing with these difficult matters is due, in large measure, to the fact that the examination into the use of the exceptions to the balance of payments provisions of GATT has been rather superficial. This is clearly unfortunate. But such are the facts of life under the present circumstances. We cannot, therefore, feel too frustrated when we realize that it is virtually impossible to ensure at this time a strict enforcement of those provisions of GATT. Most countries are still in balance-of-payments difficulties; the secretariat facilities remain, pending the decision on the I.T.O., utterly inadequate. Furthermore, the basic problem of trade disequilibrium is under discussion in many other forums and organizations; the prior American-U.K. agreement not to enter into the substantive questions raised by the report under Article XIV:1(g)[16] has also thrown a wet blanket over the whole proceedings.

Countries, however, are learning, perhaps against their will, to talk about their Q.Rs, and put some, if not all, their cards on the table. This is the first time that GATT has entered into this field. I think, for example, that the various individual submissions under XIV:1(g) are useful. They have been considered one by one in John Deutsch's working party. It was Claude [Isbister] who introduced the Canadian submission. He did an outstanding job. I must say that our GATT halo is bright and shiny and undented when compared with the halos which other C.Ps[17] are sporting this season.

This lifting of the first veil over Q.Rs is, I think, useful. For one thing, it has served to point up the various malpractices engaged in by certain CPs under the exceptions to the balance-of-payments provisions. This unveiling exercise is to continue. Although it is not envisaged that the Fifth Session (scheduled for November 9 at Torquay) will devote much time to an examination of Q.Rs and discrim-

[15] Restrictions quantitatives./Quantitative Restrictions.
[16] Voir Canada, *Recueil des traités*, 1948, No. 31./See Canada, *Treaty Series*, 1948, No. 31.
[17] Parties contractantes./Contracting Parties.

inatory practices, the proposal is now that at that session a questionnaire to be prepared by the Secretariat, pursuant to Articles XII:1(b) and XIV:1(g), will be approved and submitted to the CPs for consideration at their Sixth Session, which will probably take place about May or June 1951. By that time some of the dust might have settled so that some of the malpractices entered into by certain countries, and which are either condemned or prohibited by GATT, will stick out even more clearly. It might also lead to action in co-operation with other organizations, such as the Fund, along the lines of Article XII, paragraph 5, which provides that GATT shall institute discussions if there is a persistent and widespread application of import restrictions indicating the existence of a general disequilibrium which is restricting international trade.

At the moment, most CPs are not disposed to go that far. Hence the Secretariat draft conclusions based on submissions under XIV:1(g), and which establishes the existence of a "disequilibrium", will simply be disregarded. No one doubts, of course, that the disequilibrium exists. But everyone agrees that it would be premature to make this "determination" formally at this time. GATT is only concerned, of course, with trade Q.Rs. This organization could not, therefore, make that determination without full consultation with the Fund. The latter — or, more specifically, the Americans — do not want such a determination, which might, if it is logically followed up, impose on the Fund a decision that the U.S. dollar is a scarce currency.

As far as I can see, Torquay will be a major undertaking. 300 pairs of negotiations have already been listed. This is only a partial, preliminary figure, since only 17 out of about 40 possible participating countries have so far submitted the lists of countries with which they intend to negotiate. By way of comparison, 123 pairs of negotiations were completed at Geneva in 1947, and 147 at Annecy in 1949.

. . .

Yours sincerely,
LOUIS [COUILLARD]

432. DEA/9100-X-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], April 18, 1950

POSITION AND PROSPECTS OF GATT

Mr. Plumptre has discussed the position and prospects of GATT with the three officials who have just come back from the GATT meeting in Geneva — Mr. Couillard, Mr. Deutsch and Mr. Isbister.

2. Some members of the Canadian group had approached the recent meetings with skepticism. They had wondered whether GATT was perhaps out of date; it was born in the days when people thought that the "post-war transitional period" was likely to last only a few years instead of running on indefinitely.

3. All our officials have come back reassured about the usefulness of the organization. The General Agreement sets up a code of ethics for international trade. The Contracting Parties seem to be seriously trying to live up to that code.[18] They are willing to give and take frank talk about each other's actions. They are gradually developing a system of checking up on countries that seem to be infringing the code.

4. All this seems to be taking place in a pretty satisfactory atmosphere. The procedures appear to be businesslike and practical. There seems to be little of the frustration which surrounds some of the other United Nations bodies. Much of the credit for this state of affairs apparently belongs to Mr. Wilgress himself.

5. The organization is handicapped by lack of staff. It only has about half a dozen officers; (translators and clerical staff are of course additional). This means that the Secretariat cannot do much in the way of preparing for meetings and that all the work has to be done on the scene when delegates arrive.

6. The organization also suffers from the uncertainty of its future. This is tied closely to the fate of I.T.O. Theoretically, of course, the two can be separated; GATT could stand on its own feet with its more limited membership and its less extensive field; indeed many people think that the more modest organization would really be preferable. On the other hand the provisions of GATT make up the greater part of I.T.O.; if I.T.O. were decisively defeated in Congress, it is difficult to know how much of GATT could be rescued.

A.D.P. H[EENEY]

[18] Note marginale:/Marginal note:
Surely that should be easy — with all the escape clauses! L.B. P[earson]

433. PCO

Extrait du procès-verbal de la réunion du sous-Comité interministériel sur la politique du commerce extérieur

Extract from Minutes of Meeting of Interdepartmental Sub-Committee on External Trade Policy

SECRET [Ottawa], April 20, 1950

Present:

A.F.W. Plumptre, Department of External Affairs (Chairman)
J.R. Beattie, Bank of Canada
J.J. Deutsch, Department of Finance
C.M. Isbister, Department of Trade and Commerce
H.B. McKinnon, Chairman, Tariff Board
R.G. Robertson, Privy Council Office
G.B. Urquhart, Department of National Revenue
R.W. James, Department of Trade and Commerce (Acting Secretary)

Also Present

R.E. Collins, Department of External Affairs
Louis Couillard, Department of External Affairs
H.V. Jarrett, Department of Trade and Commerce
T.W.L. MacDermot, Department of External Affairs
A.R. Menzies, Department of External Affairs
A.L. Neal, Department of Trade and Commerce
A.E. Richards, Department of Agriculture
P.A. Savard, Department of Trade and Commerce

. . .

V. REPORT OF CANADIAN DELEGATION TO GENEVA

18. *Mr. Couillard* reported briefly on the disposition of the following items on the agenda of the Fourth Session of the *Contracting Parties*:

Item 1. *Election of Chairman and Vice-Chairman*

Mr. L. Dana Wilgress, Canadian High Commissioner to the United Kingdom was unanimously re-elected Chairman for another year. Mr. Max Sueteus (Belgium) was elected Vice-Chairman for the same period.

Item 2. *Adoption of Agenda*

Some preliminary opposition was encountered to the inclusion of the item (No. 14) dealing with the protective aspects of quantitative restrictions which had been suggested by the United States.

Item 3. *1950 Tariff Negotiations*

(a) Fairly detailed consideration was given to an enquiry by Switzerland concerning its participation in the Torquay tariff negotiations. The problem visualized by the Swiss in connection with possible participation in the GATT was in most respects the same as that visualized in connection with their possible participation in the ITO. In both cases, the Swiss wanted a special waiver from the obligations of GATT with respect to the application of quantitative restrictions. The *Contracting*

Parties were not in favour of permitting the accession of Switzerland on such terms. The hope was expressed that Switzerland would find it possible to accept GATT on the same basis as present members.

(b) A Resolution was passed unanimously approving in principle the extension on a firm basis of the tariff concessions negotiated at Geneva and at Annecy until January 1, 1954. This implies that the Torquay concessions will run to the same date. There was also general agreement that renegotiations of Geneva and Annecy concessions would be limited both as to scope and number. It is hoped that these decisions will have an important and beneficial effect on the Torquay negotiations.

Item 4. *Notifications under Article XVIII*

The discussions on this Article, which concerns import restrictions imposed to promote economic development, were very limited. Consideration of applications for measures under this Article had been long and acrimonious at Annecy.

Item 5. *Rectification and Modification of Schedules*

A Protocol of Rectifications was established which incorporated a number of corrections in the various tariff schedules to GATT.

Item 6. *Status of the Agreement and Protocols*

Certain countries have not yet signed a number of Protocols amending GATT. A Resolution was passed unanimously recommending to all Contracting Parties concerned that they should sign all Protocols as soon as possible.

Item 7. *Application of Annecy Schedule XIV (Norway)*

It was agreed that the Norwegian Government would be granted an extension from April 30 to June 30, in which to apply its Annecy concessions. This was made necessary because of an unexpected delay in the meeting of the Norwegian Storting.

Item 8. *Australian Subsidy on Ammonium Sulphate*

There had been a Chilean complaint that Australia was discriminating against Chilean nitrate in favour of domestically produced ammonium sulphate. It appeared that Australia had subsidized both products until July 1, 1949 when the subsidy on Chilean nitrate had been withdrawn. It was agreed that Australian action had not been contrary to GATT. On the other hand, Australia agreed to review the situation and to try to restore the competitive position of Chilean nitrate as it was before July, 1949.

Item 9. *Review of Brazilian Internal Taxes*

As a result of the protests about the discriminatory nature of certain Brazilian internal taxes on a limited number of commodities, the Brazilian representative agreed to recommend to his government that the taxes in question should be modified.

Item 15. *Special Exchange Agreements and Procedural Arrangements for Their Implementation*

A Working Party was established to consider the question of a Special Exchange Agreement for *Contracting Parties* not members of the International Monetary Fund and to work out appropriate arrangements with the Fund. The date of November 2 was set by which such a Contracting Party would enter into the Special Exchange Agreement if it was not a member of the I.M.F. by that date.

Item 16. *Consideration of Proposals to Give Effect to the Provisions of Chapter VI of the Havana Charter*

The United Kingdom proposed that Chapter VI of the Havana Charter, which dealt with inter-governmental commodity agreements, be brought into force provisionally prior to the entry into force of the ITO Charter. The United States could not accept this proposal. After a very brief debate the United Kingdom dropped its proposal.

Items 17, 18, 19. *Administrative*

The 1950 Budget was approved. Other decisions concerning the distribution and derestriction of GATT documents were taken. The Secretariat will publish a follow-up to the earlier publication "The Attack on Trade Barriers". It will continue, on a trial basis till November, the publication of its *Monthly Trade Bulletin.*

Item 20. *Request of Director-General of UNESCO*

Consideration was given to a request originating with UNESCO that, at the next tariff negotiations special consideration be given to the tariff treatment of educational, scientific and cultural materials. A group of experts met at Geneva under the auspices of UNESCO to review the Agreement on this question which had been elaborated at Annecy. This Draft Agreement will be considered by UNESCO at its forthcoming Conference in Florence. The *Contracting Parties* did not take any specific action.

Item 21. *Customs Nomenclature and Regulations*

Under this item a report was given by the French representative on the work carried out by the European Customs Union Study Group on customs nomenclature and regulations. No specific action was taken.

Item 22. *Meeting Required under Article XXIX of GATT*

Article XXIX requires that the *Contracting Parties* should meet before December 31, 1949 if the Havana Charter had not come into effect by September 30, 1949, to consider further action. It was agreed that the *Contracting Parties* would return to this item at a time to be determined later.

Item 23. *Next Session*

It was agreed that the next (Fifth) Session of the GATT would be held at Torquay beginning November 2, 1950. It is fully expected that this Session will be concluded before the end of December.

Item 24. *Other Business*

(a) A special waiver formalizing a change for a period of one year in the United States tariff treatment on potatoes imported from Canada was agreed to without any discussion.

(b) It was agreed that all Contracting Parties should submit a report on their subsidies (Article XVI) before the end of July, 1950.

19. *Mr. Deutsch* reported on the following agenda items (10-13) which had been discussed in connection with import restrictions imposed for balance-of-payments reasons:

(a) The imposition of discriminatory import controls by South Africa had provoked considerable discussion at the Third Session at Annecy. At that time, the International Monetary Fund had been unable to give a final opinion on the balance-of-payments problem and a report was not ready for consideration at Geneva. It was anticipated that a report would be submitted by the International Monetary Fund at a future session. A special situation existed in the case of South Africa since the import restrictions were designed to increase the flow of capital from the United Kingdom and at the same time to provide gold for the United Kingdom. The issues involved were not discussed in terms of the technical provisions of GATT and there was a feeling that the problem might better be considered in the tripartite discussions or under the auspices of the International Monetary Fund. For this reason, any decision on the matter was postponed for later consideration.

(b) Consideration was also given to the intensification of import restrictions by the Sterling Area arising out of the 25 per cent cut in dollar imports. Under the terms of GATT, such discriminatory intensification requires consultation with the *Contracting Parties* but a report by the International Monetary Fund is also required before consultation. Since the Fund was unable to prepare a report on the whole Sterling Area, the prior consultation had not taken place. At present, intensification of import controls has taken place in several countries in the Sterling Area where the condition of their balance of payments would not justify it, namely, Ceylon, Southern Rhodesia and probably Pakistan. The GATT is somewhat unrealistic in this connection since it does not recognize the existence of the Sterling Area and a solution of the problem will have to be evolved in some fashion at a later time.

(c) A report based on the replies to the questionnaire concerning discriminatory trade controls was being prepared for public release. With several exceptions, the quality of the replies of the questionnaire was poor, but it was made clear that subsequent reports would be subject to detailed scrutiny. There was some educational value in the process despite the inadequacies of many of the reports and it was planned to publish a report containing the replies of each country when the next survey was carried out.

20. *Mr. Isbister* reviewed the discussions which had taken place on quantitative import and export restrictions which had been imposed for protective, promotional or other commercial reasons (Agenda item 14). A large number of concrete examples of quantitative restrictions with protective effects were considered, many of which could not be justified on balance-of-payments grounds. For example, there were cases where export controls on raw materials were administered in such a way as to extract concessions relating to the import restrictions of other countries. There was a sharp and critical discussion of the tendency of countries to ignore the provisions of GATT when they attempted to alleviate balance-of-payments difficulties. It was noted that the discussion provided the United States with a useful indication of

the progress of European economic integration and the problems involved. A number of countries had made complaints relating to restrictive practices in bilateral trade deals, but it was made clear that GATT did not encompass bilateral trade negotiations.

21. *The Committee*, after discussion, noted these reports.

SUBDIVISION II/SUB-SECTION II

CINQUIÈME SESSION DES PARTIES CONTRACTANTES
2 NOVEMBRE - 16 DÉCEMBRE 1950
ET LES NÉGOCIATIONS MULTILATÉRALES SUR LES TARIFS DOUANIERS À TORQUAY
FIFTH SESSION OF CONTRACTING PARTIES
NOVEMBER 2 - DECEMBER 16, 1950
AND TORQUAY MULTILATERAL TARIFF NEGOTIATIONS

434. PCO

Note pour le Cabinet
Memorandum to Cabinet

CABINET DOCUMENT NO. 208-50 [Ottawa], August 21, 1950

CONFIDENTIAL

CANADIAN DELEGATION TO THE TORQUAY CONFERENCE
UNDER THE GENERAL AGREEMENT ON TARIFFS AND TRADE

This Conference, which is scheduled to open in Torquay, England, on September 28, will include (a) a third round of multilateral tariff negotiations under the General Agreement on Tariffs and Trade and (b) the Fifth Session of the *Contracting Parties* which will open on November 2.

It is recommended that the composition of the delegation should be as follows:

Chairman of Delegation
Mr. L.D. Wilgress, High Commissioner for Canada in the United Kingdom
Deputy Chairman
Mr. H.B. McKinnon, Chairman, Canadian Tariff Board
Representatives
Mr. J.J. Deutsch, Department of Finance
Dr. C.M. Isbister, Department of Trade and Commerce
Mr. W.J. Callaghan, Department of External Affairs
Mr. A.L. Neal, Department of Trade and Commerce
Mr. S.S. Reasman, Department of Finance
Dr. A.E. Richards, Department of Agriculture
Mr. B.G. Barrow, Department of Trade and Commerce
Mr. H.V. Jarrett, Department of Trade and Commerce
Mr. J.P.C. Gauthier, Department of Trade and Commerce
Secretary
Mr. H.H. Wright, Department of External Affairs

It is anticipated that the Conference will last for six months or more. However, it is not planned that all the members of the delegation will remain in Torquay contin-

uously for the duration of the Conference. Mr. Wilgress, who has been re-elected Chairman of the *Contracting Parties*, expects to divide his time between London and Torquay.

Negotiations at Torquay will follow the same general lines as those at Geneva, 1947 and Annecy, 1949. It is recommended that the Canadian delegation should be instructed to follow the same general policies as on those occasions towards the reduction of tariffs and other trade barriers and the elimination of preferences and discriminatory practices. It is also recommended that the delegation should, as in the past, participate in preliminary discussions in London with other Commonwealth countries.[19]

435. PCO

Extrait du procès verbal de la réunion du sous-Comité interministériel sur la politique du commerce extérieur

Extract from Minutes of Meeting of Interdepartmental Sub-Committee on External Trade Policy

SECRET [Ottawa], October 31, 1950

Present:

A.F.W. Plumptre, Department of External Affairs (Chairman)
R. Cousineau, Tariff Board
J.E. Coyne, Deputy Governor of the Bank of Canada
J.J. Deutsch, Department of Finance
J.N. Lewis, Department of Agriculture
R.G. Robertson, Privy Council Office
G.B. Urquhart, Department of National Revenue
E.P. Weeks, Department of Trade and Commerce
P. Stuchen, Privy Council Office (Secretary)

Also Present:

F.G. Hooton, Department of External Affairs
R.W. James, Department of Trade and Commerce
P.T. Molson, Department of External Affairs
R.J. Moyse, Department of Finance

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II. PROVISIONAL AGENDA FOR THE FIFTH SESSION OF THE CONTRACTING PARTIES

3. *The Chairman* explained that the provisional agenda for the fifth session of the *Contracting Parties* had been received. It was customary for the Committee to review the items on the agenda of the various sessions of the *Contracting Parties* in order to provide guidance to the Canadian delegation where necessary.

4. *During the discussion* of the agenda which ensued, the following views were expressed by various members of the Committee:

(1) *Adoption of Agenda*—(No discussion)

(2) *Status of Protocols*

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[19] Approuvé par le Cabinet, le 1 septembre 1950./Approved by Cabinet, September 1, 1950.

5. *Mr. Deutsch* said there was considerable uncertainty since so many protocols had not yet been signed; however, efforts were being made to have the protocols brought up to date.

(3) *Tariff Negotiations*

(a) *Terms of Accession* - (No discussion)

(b) *Instrument to give Effect to Results of Negotiations* - (No discussion)

(c) *Procedure for Prolongation of Assured Life of Geneva and Annecy Schedules*

6. *Mr. Deutsch* explained that certain technical and legal problems arise out of the fact that the binding character of the Geneva concessions expire at the end of this year after which modifications in particular concessions may be made. It is hoped that by the end of the Torquay negotiations the Geneva concessions will be rebound for a three year period (until 1954) as well as all present negotiations being bound for the same period. Canada will probably establish one schedule including the Torquay and Geneva bindings although each country can do what it wishes as to how they present their bindings. Further, until such a protocol is signed and ratified, a country can use Article XXVIII which permits changes to be made in the Geneva bindings. This could make for a hiatus after January 1st. However, to cover this gap, all countries will be asked to sign a declaration of intention that they do not intend to use Article XXVIII pending conclusion of the protocol.

(4) *Consolidation of Schedules*

7. *The Committee* agreed that an office consolidation be made.

(5) *Schedule IX—Cuba: Report on Renegotiations with the United States*

8. *Mr. Deutsch* noted that the United States and Cuba had disagreed when the Cubans wished to raise certain tariffs (particularly on textiles) bound at Geneva. During the summer the two parties have renegotiated and are now reporting back.

(6) *Rectification of Schedules Consequent upon Adherence to the Brussels Convention for Tariff Nomenclature*

9. *The Chairman* indicated that changes in tariff nomenclature will cause small changes in revenue. An ideal nomenclature has been worked out by the Europeans which the Germans have accepted.

10. *The Committee* agreed that Canada would be unwilling at this time to accept the new nomenclature which would necessitate a new tariff act and an immense amount of research.

(7) *Review of Import Restrictions*

11. *Mr. Deutsch* mentioned that a new draft questionnaire to obtain information on import restrictions would be submitted to the Contracting Parties. This report would be completed between the fifth and sixth sessions but considered at the sixth meeting. According to GATT there must be an annual review of this subject.

(8) *Consultations on Recent Changes in Import Programmes*

12. *Mr. Deutsch* pointed out that this item refers to action taken by Commonwealth countries (excluding Canada) in increasing import restrictions during the summer of 1949. It will most likely be turned into an examination of the present policy of sterling area restrictions on dollar imports and become the liveliest item

on the agenda. The United States will probably advance the view that the British should begin to relax the restrictions on dollar imports using a part of the increasing dollar surplus for this purpose.

As further background, Mr. Deutsch mentioned that GATT had entered into consultations with the International Monetary Fund on the 1949 restrictions. The IMF proposed to report on the current situation as well and the United Kingdom had objected to asking for our support. The IMF report and recommendations dealt with both the 1949 and the 1950 situations suggesting with qualifications that the time might be ripe to adopt relaxations; the report was approved by a majority of the Fund Board. Mr. Deutsch indicated that Canada does not object to the substance of what is contained in the Fund Report. We had some misgivings of a procedural nature. Our position was that the IMF was not asked by GATT to report on the current situation and that it would have been better for the Fund to wait until asked; also that the IMF should have consulted first with the British as a matter of internal propriety in the Fund.

(9) *South African Import Control*

13. *Mr. Deutsch* mentioned that South Africa had conducted consultations regarding their controls at Geneva and Annecy. Although they are in the sterling area they did not participate in the general 25 per cent cut in 1949. Mr. Deutsch was of the opinion that this item could be handled easily since the South Africans had reorganized their whole system which was now considered less discriminatory.

14. *Mr. Weeks* agreed that we would have little complaint since the new restrictions were less severe than previously.

(10) *Consideration of a Review of Quantitative Export Restrictions*

15. *The Chairman* indicated that this subject may be of interest to Canada and the United States because of our discrimination against Iron Curtain countries and the favouritism existing between the United States and Canada as evidenced by the new 'Hyde Park Agreement'.[20] With reference to recent exchanges with the Canadian Delegation at Torquay it had been pointed out that there were escape clauses in GATT which permitted the use of the word "emergency" as a clear defence for certain action. The Secretary of State for External Affairs had confirmed the use of the escape clause referred to.

(ISCETP Docs. Nos. 50-42 and 50-43, from the Secretary of State for External Affairs to the Canadian High Commissioner, London, October 17, 1950, and the reply, October 21, 1950)†

16. *The Committee* agreed that the prevailing international situation would justify the use of the expression an "emergency in international relations."

(11) *Special Exchange Agreements*

17. *Mr. Deutsch* referred to the perennial problem of New Zealand which country is not a member of the IMF even though all other countries involved have joined or are joining the latter organization. Since New Zealand has indicated that it will refuse to sign the special exchange agreement which GATT requires, it follows

[20] Voir le document 775./See Document 775.

that, technically, they could be forced to leave GATT. He expressed the opinion that (a) we should try to find a modus vivendi to keep them in by postponing the matter, or (b) we should consider giving them a waiver on their obligations which is provided for by GATT. The departure of New Zealand from GATT would cause many difficulties owing to her participation in the imperial preference system. He thought, however, that New Zealand should not be let off completely but should be required to enter into a general undertaking not to frustrate GATT through manipulations in the field of exchange. Mr. Deutsch further mentioned that provision might be made for insisting on all new members of GATT becoming members of the IMF, although this arrangement would not take care of situations where members resigned from the IMF.

18. *Mr. Weeks* pointed out that the Deputy Minister of Trade and Commerce feels some concern about any weakening of the principles of GATT over this issue which might result in any individual member being in a preferred position.

19. *The Committee*, after some discussion, agreed that New Zealand should not be forced out and that a suitable waiver or postponement should be made available if necessary in order to bring about agreement. The possible position of members resigning from the IMF would be left until such a case occurred.

(12) *Article XVIII* - (No discussion)

(13) *South African-Southern Rhodesia Customs Union*

20. *The Chairman* said that further details would be requested on this subject.

(14) *Australian Subsidy on Ammonium Sulphate*

21. *Mr. Deutsch* indicated that this subject was another perennial complaint. However, at the last session, GATT had recommended to Australia that they patch up their differences with Chile and this has apparently been done.

(15) *Draft Agreement on the Importation of Insecticides*

22. *The Chairman* noted the suggestion of the WHO authorities that duties on insecticides should be waived, but that quantitative restrictions be kept on similarly to UNESCO recommendations. The relevant document had not yet been circulated.

23. *Members of the Committee* expressed doubts as to the desirability of the exceptional treatment proposed.

(16) *The Continuation of the Trade News Bulletin*

24. *The Chairman* explained that this bulletin was a fairly new monthly publication of which 12 copies were presently being received.

25. *The Committee*, after discussion, agreed that the members would advise the Economic Division of the Department of External Affairs of the desirability of continuing the publication. This would require a more careful examination as to whether its contents were a duplication of material readily available from other sources.

(17) *Budget and Administrative Arrangements for 1951* - (No discussion)

(18) *Examination of Actual Cases of Quantitative Restrictions Applied for Protective Purposes (Proposed by Belgium)*

26. *Mr. Deutsch* indicated that this dispute arose between France and Belgium over fibre-flax grown near the common border of the two countries. The Belgians

are claiming that the effects of GATT are being nullified by quantitative restrictions.

(19) *Arrangements for the Continuing Administration of the General Agreement (Proposed by Canada)*

27. *Mr. Deutsch* explained that since the ITO has not been put into effect the question is whether GATT will continue as a permanent institution if the ITO falls. There is foreseeable the continuation of GATT on a permanent basis requiring an executive organization, a small executive body and secretariat to deal with matters as they occur rather than having them accumulate for consideration at infrequent sessions of the Contracting Parties. Further, there is no adequate supervision of the agreements at the moment as well as no preparedness or means for meeting difficulties until they appear on the agenda as at present.

(20) *The Scope of Article XXV: 5(6) and XXXV with Reference to Tariff Negotiations (Proposed by Cuba)* - (No discussion)

(21) *The Proposed European Iron and Steel Agreement (Proposed by France)*

28. *Mr. Deutsch* was of the opinion that this item (the Schuman Plan) might prove to be a difficult subject on the agenda. The six countries involved would be asking for a preferential regime for iron, steel and coal in Europe. It was noted that Canada's direct export interest in the Schuman Plan is small.

29. *The Committee* agreed that issues arising at Torquay related to this subject be referred back to Ottawa for policy decisions because of the highly political and military implications involved.

(22) *The Position of Indo-China in Relation to the GATT (Proposed by France and the United Kingdom)* - (No discussion)

(23) *Brazilian Internal Taxes (Proposed by Haiti)*

30. *Mr. Weeks* reported that Brazil was beginning to relax their restrictions and import quotas.

(24) *Rectifications to Schedule XXVI (Proposed by The Netherlands)* - (No discussion)

(25) *The Effect of the United Kingdom Purchase Tax on Certain Imports into the United Kingdom (Proposed by Norway)*

31. *The Chairman* explained that the administration of the British purchase tax results in a measure of protection, since goods declared utility goods are free from tax; however, no similar imported goods are exempt. The matter had been brought to the attention of the U.K. authorities in the meeting of the Canada-U.K. Continuing Committee on Trade and Economic Affairs in June, 1950.[21]

(26) *Inclusion in the Agreement of Articles from Havana Charter Dealing with Employment and Economic Activity (Proposed by Norway and the United Kingdom)*

32. *The Chairman* expressed the view that this item sounded like additional escape clauses being introduced.

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[21] Voir le document 724./See Document 724.

(27) *Amendment of Article XX to Correspond with Article 45 of the Havana Charter (Proposed by the United States)*

33. *The Chairman* indicated that this was probably intended for purposes of clarification. The only item referred to in the Charter but not in GATT were goods useful for "public safety".

(28) *French Export Restrictions on Hides and Skins*

34. *Mr. Deutsch* noted that the Americans are concerned with this matter and that Canada is also.

(29) *Suggestions for Standard Practices in Import Licence and Exchange Control* - (No discussion)

35. *The Committee*, after further discussion, noted the views expressed on the various items of the agenda covered.

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436. DEA/9100-AG-40

Le chef de la délégation auprès de l'Accord général sur les tarifs douaniers et le commerce au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to General Agreement on Tariffs and Trade, to Secretary of State for External Affairs

CONFIDENTIAL Torquay, November 16, 1950

Sir,

The following is a brief report on the activities of the Fifth Session of the *Contracting Parties* for the period November 2nd to date.

2. There are thirty Contracting Parties attending this Session: Syria, Lebanon and Nicaragua are not here. There are, in addition, seven acceding countries, as well as observers from El Salvador, Guatemala, Mexico, Venezuela, Switzerland and Yugoslavia, the United Nations, I.M.F. and the O.E.E.C. The latter is represented by Harry Lintott, Assistant Director-General.

3. In the fourteen plenary meetings which have been held to date all the agenda items which could be dealt with in this first series of meetings have been considered and either disposed of or referred to Working Parties, of which a total of ten have been established, as indicated below. It is expected that another three Working Parties will be established after consideration of those agenda items which for the moment have been deferred.

4. Item 1—*Adoption of Agenda*. The Agenda (document GATT/CP.5/1/Rev.4, November 10, attached)† was approved without any substantial change or difficulty.

Item 9 of the Provisional Agenda (GATT/CP.5/1/Rev.2, of November 2), dealing with South African import controls, was dropped. It had been agreed at the Fourth Session that this question would be discussed at this time after receipt of a

report from the I.M.F. dealing with the discriminatory aspects of the South African import restrictions. The I.M.F. reported that their report was no longer pertinent since the South African import restrictions would undergo substantial modifications effective January 1, 1951. In the light of these facts, the *Contracting Parties* did not object to removing the item from the Agenda, although it was apparent in the brief discussion which took place that the United States were caught off base. It is not clear whether the United States will suggest that the *Contracting Parties* request a revised report from the Fund.

You will note that the Czechoslovaks have not sought the inclusion of an item on the alleged discriminatory application of export controls (your telegram No. 1586 of October 17th and our telegram of October 29th).† They did not raise the question when item 10 was discussed. They did propose, under item 13, that the standard practices extend, wherever appropriate, to exports as well as imports. Technically item 13 does not provide for discussion of discrimination in export controls.

Item 30 was included at the request of the Czechoslovak Delegation.

5. Item 2—*Tariff Negotiations*. This item is being considered by the Tariff Negotiations Committee and its two subsidiary bodies, the Tariff Negotiations Working Party and the Legal Working Party. The T.N.C., which is composed of a representative of each of the present Contracting Parties and acceding countries, is now dealing with the questions of accession and the procedure for the prolongation of the Geneva and Annecy Schedules. It is expected that discussions on these subjects will take some time. The only matter which has been referred back by the T.N.C. to the *Contracting Parties* is the extension of the date in the Annecy Protocol with respect to Uruguay: the *Contracting Parties* have agreed that Uruguay may sign that Protocol at any time up to the final date to be established for the signature of the Torquay instrument of accession.

6. Item 3—*Consolidation of Schedules*. For administrative convenience, it is proposed that each Contracting Party should prepare a "Consolidated Schedule" comprising all its negotiated concessions under the Agreement. There should therefore be available by mid-1951, in one volume or a series of volumes, all commitments in respect of customs duties under the Agreement. This item, as well as items 5 and 21, have been referred to a Working Party on Tariff Schedules.

7. Item 4—*Rectification of Schedules Consequent upon Adherence to the Brussels Convention for Tariff Nomenclature*. Discussion under this item was quite inconclusive. Contracting Parties have recognized the advisability, as and when they make modifications in their tariffs, to base such modifications on the 1950 Brussels Tariff Nomenclature. There is, however, no commitment to do so. Any resulting rectifications or modifications in the GATT Schedules would be dealt with by the *Contracting Parties* in the established manner.

8. Item 5—*Schedule IX—Cuba: Report on Renegotiations with the United States*. This matter, which had caused a good deal of difficulty at Annecy, and was partly responsible for the Cuban withdrawal from the Third (Annecy) Session and their absence from the Fourth (Geneva, Spring 1950) Session, has now been partially settled between the Cubans and Americans. There remains for the *Contracting*

Parties to approve the agreed modifications in Schedule IX. Cuba and the United States are, in the course of their tariff negotiations here, negotiating on the balance of the bound Cuban tariff rates which the Cubans want to withdraw.

9. Item 6—*Status of Protocols*. The Contracting Parties had been urged at all previous Sessions to sign all outstanding protocols, particularly those which had not yet entered into force. A resolution to that effect was passed at the last Session. The *Contracting Parties* on this occasion merely took note of the fact that certain protocols were still outstanding and received from delinquent countries reports on their intentions in this connection. There is reason to hope that all of the protocols established by the *Contracting Parties* to date will, in the relatively near future, be signed by all Contracting Parties: there does not appear to be any problem of substance in any one of them.

10. Item 7—*Review of Import Restrictions and Second Report on Discriminatory Application of Restrictions*. A lengthy debate took place in the plenary meeting on the Questionnaire (GATT/CP.5/5) which the Secretariat had prepared, under mandate, to obtain from Contracting Parties the information on their import restrictions and their discriminatory aspects (as required under Articles XII(4)(b) and XIV (1)(g).) It will probably be possible to obtain agreement on a practical Questionnaire on the basis of which a comprehensive report can be compiled. It is also clear, however, that a number of Contracting Parties are not willing to go one iota beyond the obligations to report imposed upon them by GATT.

11. Item 8—*Consultations on Recent Changes in Import Programmes*. This item is the most important and controversial issue to be dealt with at this Session. In order to avoid open debate in plenary, careful plans were laid to have this item referred to a working party without a long preliminary debate. Accordingly, this item was referred to a working party on which Canada is represented. We will be reporting its progress under separate cover. Countries whose import restrictions will be reviewed include the United Kingdom, Australia, Ceylon, India, Pakistan, New Zealand, Southern Rhodesia and Chile.

12. Item 9—*Special Exchange Agreements*. The *Contracting Parties* considered the position of five countries which had not yet joined the Fund or accepted a Special Exchange Agreement. Of these countries, Sweden, Burma and Indonesia indicated that their negotiations for membership in the Fund were now in an advanced stage. The position of Haiti is not yet clear, but they too had expressed a desire to join the Fund. New Zealand, however, is neither prepared to join the Fund nor to adhere to the Special Exchange Agreement as now drafted. New Zealand was required, by decision of the *Contracting Parties* at the Fourth Session, to sign this Agreement by November 2. New Zealand pointed to its special difficulties with respect to the Special Exchange Agreement and to the fact that the *Contracting Parties* were not yet in a position to administer such an Agreement. A number of countries, including the United Kingdom and Canada, expressed a sympathetic understanding of these special difficulties and urged that some compromise be sought. The United States was not prepared to give much ground. A Working Party has been established to examine the whole problem, with special reference to the New Zealand situation. It is expected that some compromise will be reached,

whereby the *Contracting Parties* will revoke the decision requiring New Zealand's signature by the 2nd of November and also requiring as a minimum that New Zealand agree (a) not to frustrate by exchange action the intent and provisions of the General Agreement, and (b) to agree to consult with the *Contracting Parties*, at the request of any Contracting Party or the *Contracting Parties*, on any exchange problems which may arise. New Zealand had indicated informally its readiness to accept these two basic undertakings. Whether or not this compromise will be acceptable will depend very much on the attitude of the United States.

13. Item 10—*Consideration of a Review of Quantitative Export Restrictions*. This item is a hang-over from the Fourth Session and was placed on the Agenda by the Secretariat. There was considerable reluctance on the part of a number of Contracting Parties to engage in a survey of this kind at present: other Contracting Parties felt that a comprehensive report on export restrictions would be useful. It was decided, after a vote, to instruct the Secretariat to prepare a comprehensive report on export restrictions in force. To this end, the Secretariat will draft a questionnaire (seeking the necessary information from Contracting Parties) for the approval of the *Contracting Parties*. No decision has yet been taken as to the date on which the Secretariat questionnaire will be considered by the *Contracting Parties*.

14. Item 11—*Examination, Under the Procedures Provided in Article XXIII, of Actual Cases of Quantitative Restrictions Applied for Protective Purposes*. This item proposed by the Belgians is a further reflection of their long-standing and widespread dissatisfaction with the French and United Kingdom trade and tariff policy and controls. Unfortunately, as has been the case in the past, their presentation of this matter and their preparations proved to be less than adequate. Normally, the item would be discussed by the *Contracting Parties* after the submission of a Belgian paper on the subject. We understand, however, that the Belgians may very well withdraw this agenda item as a result of very strong pressure by the French and British. This is obviously an important question which should receive detailed consideration on the basis of full documentation. It does not appear, however, that the time has yet come to deal with this matter effectively.

15. Item 12—*French Export Restrictions on Hides and Skins*. This item, which was proposed by the United States, has not yet been discussed in the *Contracting Parties*. It now appears that the United States may have to withdraw it. They are not prepared to discuss it. Furthermore, they fear that if they do, the French might file a counter-complaint against their own export controls, particularly on cotton.

16. Item 13—*Suggestions for Standard Practices to Minimize Commercial Uncertainty and Hardship under the Administration of Import and Export Licence and Exchange Controls*. The United States have proposed that a set of rules for administering import and export licence and exchange controls be established by the *Contracting Parties*. As noted above (para. 4), it has been agreed, at the suggestion of Czechoslovakia, that these rules should also extend wherever appropriate to export controls. A lengthy discussion in the *Contracting Parties* indicated that there was general agreement as to the desirability of such rules, provided they were not of a mandatory character. A Working Party has been set up to consider the rules

as proposed by the United States as a basis of discussion. It is clear that whatever rules emerge, they would only serve as an "agreed guide" for individual Contracting Parties.

17. Item 14—*Article XVIII: Notifications of Existing Protective Measures*. Three countries, Denmark, Haiti and Italy, which acceded to the Agreement as a result of the Annecy negotiations, have notified their use of existing protective measures under Article XVIII. These measures are being examined by a Working Party on which Canada is represented. We have no substantial trade interest in any of the products to which the measures apply. The case of Denmark has already been disposed of: it was agreed that their measures were in fact imposed for balance of payments reasons and consequently did not fall under Article XVIII. This does not imply any decision by the *Contracting Parties* on the justification of those measures. Moreover, if Denmark should at a subsequent date wish to apply these measures under the provisions of Article XVIII, it shall have to submit itself to the requirements of that Article. In the case of Haiti, the Working Party has agreed to recommend to the *Contracting Parties* that it be granted the right for a period of five years to impose quantitative restrictions on tobacco, cigars and cigarettes. Discussion on the measures notified by Italy has just begun. The commodities involved are: radio-electric equipment, synthetic organic dyestuffs and seed oils.

18. Item 15—*Arrangements for the Continuing Administration of the General Agreement*. This item, proposed by the Canadian Delegation, has not yet been discussed in the *Contracting Parties*. We are waiting for the psychological moment at which to present it. This will be later on in the Session when it has become clear that much of the detailed and time-consuming work assigned to a large number of working parties could more appropriately and more efficiently have been done between Sessions by a group of representatives. This group might be called the (Executive or) Continuing Committee of the *Contracting Parties*. It would appear from private conversations that there is a good deal of support for this proposal. We have been careful not to propose that the Continuing Committee should be given any powers of final decision; i.e., the results of its proceedings would be presented to the *Contracting Parties* by way of recommendations. We know that the Australians will oppose this proposal on the ground that the whole question of the "future of GATT" should not be handled piecemeal but rather should be dealt with perhaps at the next Session when *Contracting Parties* acting under Article XXIX come to consider (after it has become clear that no I.T.O. will emerge) "whether the Agreement shall be amended, supplemented, or maintained".

19. Item 16—*Australian Subsidy on Ammonium Sulphate*. Australia and Chile have informed the *Contracting Parties* that they have, in the course of the consultation recommended by the *Contracting Parties* at the Fourth Session, arrived at satisfactory agreement for the settlement of this problem. The details of this settlement will be circulated to the *Contracting Parties* in due course. This item, therefore, has been disposed of in a way which provides evidence of the value of GATT as a forum for the settlement of differences in the field of commercial policy.

20. Item 17—*Brazilian Internal Taxes*. This item appears on the agenda for the third consecutive Session. It will be recalled that at the Third Session Brazil was found to be in violation of Article III of the Agreement and that the *Contracting Parties* recommended to Brazil that it adjust certain of its internal taxes to conform with the provisions of the Agreement. Brazil reported at the Fourth Session that this matter was before the Brazilian Parliament and explained that the delay in adjusting this matter was due to the recent elections in Brazil. A Working Party has now been set up at the request of the Brazilian Delegation to examine the proposed legislation which is still before the Brazilian Parliament, and to advise whether it meets the requirements of Article III. The commodities involved are liquor, cigarettes and clocks, in which France and the United Kingdom have the leading interest.

21. Item 18—*The effect of the United Kingdom Purchase Tax on Certain Imports into the United Kingdom, with Reference to Article III*. This item was placed on the Agenda by the Netherlands which requests a decision by the *Contracting Parties* to the effect that the application by the United Kingdom of a purchase tax on certain imported goods, while comparable domestic goods are exempted from the tax, is an infringement of Article III of the Agreement. The United Kingdom have called for time. Consequently no debate has yet taken place.

It will be recalled that the discriminatory application of the United Kingdom purchase tax raises serious difficulties for Canada and that we have already made representations to the British to that effect. In the brief discussions which took place at the pre-Torquay Commonwealth meetings, Canada made it clear that this was a matter in which we had an important interest. We expressed the hope that this matter could be adjusted in a satisfactory way without the need for public debate in the *Contracting Parties*, but that if it should be discussed Canada would have to make its position clear. The United Kingdom indicated that they were aware that their practices were in violation of Article III and that they would re-examine their position and see what adjustments could be made. That is what they are doing now.

22. Item 19—*The Scope of Articles XXV:5(b) and XXXV, with Reference to the Tariff Negotiations and the Prolongation of the Assured Life of the Existing Schedules*. This item was placed on the Agenda at the request of Cuba. It is a proposal to amend the Agreement so that a Contracting Party which has not been able to conclude a satisfactory set of tariff negotiations with another Contracting Party may withhold the application of the Agreement in whole or in part from that Contracting Party. This proposal is directed mainly against the United Kingdom with whom Cuba has never been able to conclude a satisfactory negotiation. This matter has not yet been discussed in plenary meeting. It is our view that an amendment of this kind would lead to the fragmentation of the General Agreement and to a series of bilateral agreements: GATT should remain essentially multilateral.

23. Item 20—*The Proposed European Coal and Steel Agreement*. This item has not yet been discussed in the plenary meetings. Nor has it incited much excitement here. It appears to be generally agreed that it will not be possible to deal with this question conclusively at this Session unless some definitive proposal and arrangement emerges from the Schuman Plan discussions which are still proceeding in

Paris. In private conversations with André Philip, he stated that he thought "that the final agreement would probably emerge from Paris about November 30". He realized that it would probably not be possible to dispose of this question at this Session. He considered, however, that a preliminary discussion might be useful some time before the end of this Session — to be supplemented by detailed documentation at a later stage in order to permit a decision to be taken by the *Contracting Parties* perhaps at a Special Session early next year. Philip was leaving for Paris last night, where he is to discuss with Monet the question of timing.

24. Item 21—*Rectifications to Schedule XXVI*. The Delegation of Haiti have proposed certain rectifications to their (Annecy) Schedule which arose as a result of an alleged error at Annecy. They have apparently come to some agreement with France with whom most of the items were initially negotiated. The United States have raised certain objections on the grounds that the proposed changes are more in the nature of modifications than simple rectifications. The problem has been referred to the Working Party on Tariff Schedules. Canada does not have a material interest in the proposed changes.

25. Item 22—*Draft Agreement on the Importation of Insecticides*. This item arises from a letter from the World Health Organization to the *Contracting Parties* seeking technical advice on a proposed agreement providing for "free importation of insecticides and equipment for the application of insecticides". A Working Party has been set up to prepare a reply to the W.H.O. embodying technical advice as to the feasibility of the agreement proposed and such improvements as would appear desirable in the procedure suggested.

26. Item 23—*South Africa-Southern Rhodesia Customs Union*. These two delegations have filed with the *Contracting Parties*, as required, the first Annual Report of the Council on the South African Customs Union. The South African representative described, in plenary meeting, the progress that had been made in the course of the last year towards a fuller customs union with Southern Rhodesia. It appears that the main effort to date has been directed to the achievement of a common tariff against third countries. Very little progress has been made towards the further elimination of tariff barriers between the two countries concerned. The *Contracting Parties* took note of the first annual report and the remarks of the South African Delegation and expressed the hope that in the course of the next year further progress would be made by way of eliminating tariff and other trade barriers between the members of the Customs Union. It was not felt necessary at this time to set up a working party in order to review the details of the first Annual Report. This presumably will have to be done at some later Session in order to determine whether the progress towards the completion of the Customs Union in the ten-year period approved by the *Contracting Parties* (at Annecy) is satisfactory.

27. Item 24—*The Position of Indo-China in Relation to the Agreement*. For obvious reasons this item, proposed by France, has not yet been discussed in the plenary meeting, nor has any documentation been issued. It was meant to permit discussion on the present status of Indo-China under the Agreement, in the light of the changes in Indo-China's relations with France. Further discussion at this Session is unlikely.

28. Item 25—*Inclusion in the Agreement of Articles from Chapter II of the Havana Charter Dealing with Employment and Economic Activity.* This is a proposal by Norway to incorporate Articles 2, 4 and 6 of Chapter II of the Havana Charter in the General Agreement. We took the position that the time had not yet come for the extensive modification of the General Agreement to conform with the Havana Charter by including piecemeal sections of the Havana Charter. The discussion in plenary indicated that there was a widespread feeling against extensive modification of the General Agreement at this time, but that, at some stage after the future of the I.T.O. is known, it would be necessary to review the whole of the Agreement under the terms of Article XXIX to see whether and what changes should be made. The Norwegian Delegation withdrew its proposal as a consequence of the discussions in the plenary meeting.

29. Item 26—*Amendment of the Last Paragraph of Part II of Article XX to Correspond with Article 45 of the Havana Charter.* Part II of Article XX excepts from the provisions of the Agreement, until January 1, 1951, any measures imposed for reasons of (a) acquisition or distribution of shortages, (b) price controls, or (c) liquidation of surpluses. Approval of the *Contracting Parties* is required after that date with respect to each measure. The Charter leaves the terminal date to be determined by the I.T.O. Members. After a long discussion in plenary meeting, this matter, which was proposed by the United Kingdom delegation, has been referred to a Working Party of which we are a member. At the one meeting held to date, it was generally agreed that (a), (b) and (c) of Part II should all be extended for the same period. The United Kingdom attempted unsuccessfully to treat (c) differently in the hope that no extension or a shorter extension might be agreed upon. The U.K. is making use of (a) and (b), whereas the U.S. are applying their import restrictions on butter under (c). The next meeting will try and resolve the problem on which no agreement has as yet been reached, namely, the date to which the extension should be granted. We have been forced to accept that the vast majority of Contracting Parties are not in favour of maintaining the Article as it stands: in any case it would be impossible at this Session to consider all individual applications which would be made for extension of existing measures. We are holding the line at January 1952, with a study, some time in 1951, of measures and need for extension beyond January 1952. The Americans support us in that position.

30. Item 27—*The Continuation of the Trade News Bulletin.* The *Contracting Parties* decided that the *Trade News Bulletin* should be continued, and a number of constructive suggestions were made for its improvement.

31. Item 28—*Budget and Administrative Arrangements for 1951.* A Working Party was established to examine the budget proposed by the Secretariat and to make recommendations for the allocation of contributions. It would appear that the total budget and the Canadian contribution will be somewhat higher for 1951 than for 1950, but not substantially higher.

32. Item 29—*Date of Sixth Session.* No discussion has as yet taken place on this matter.

33. Item 30—*Assured Life of Tariff Concessions with Respect to Article XIX.* This item was proposed by the Delegation of Czechoslovakia, which argues that the

United States proposal to withdraw a Geneva concession, as is permitted under Article XIX (Emergency clause) is not in conformity with the terms and provisions of that Article and the spirit of the Agreement. In the plenary discussion France and Italy indicated in a rather mild way that this proposed action by the United States "would hinder their efforts to improve their dollar earnings". The United States made a long statement in justification of their action and agreed to consult with the affected Contracting Parties with a view to achieving an equitable solution. The other delegations concerned agreed to enter into such consultations with the United States. Czechoslovakia asked, and it was agreed, that the item be retained on the Agenda pending the outcome of these consultations.

34. A copy of this despatch has been sent to London, Paris (O.E.E.C. Mission and Embassy), Brussels, Rome, Prague, Copenhagen, Bonn, The Hague, Oslo, and Stockholm.

I have, etc.,
L.D. WILGRESS

437. DEA/9100-AG-40

Le chef suppléant de la délégation auprès de l'Accord général sur les tarifs douaniers et le commerce au secrétaire d'État aux Affaires extérieures

Deputy Chairman, Delegation to General Agreement on Tariffs and Trade, to Secretary of State for External Affairs

SECRET Torquay, December 2, 1950

Sir,

Since our last report of November 16 was sent the important work of the Fifth Session of the *Contracting Parties* has been carried on in Working Parties rather than in plenary meetings. This despatch therefore will (a) report briefly on those Working Parties which have made recommendations to the *Contracting Parties*, and (b) indicate some recent developments of possible general interest and importance.

2. In the latter category, the centre of the stage at this Session continued to be held by the Working Party which is considering the import restrictions maintained by sterling area countries and Chile in the light of their balances of payments. At the outset there was some danger that the debate about the terms of reference of the International Monetary Fund vis-à-vis the *Contracting Parties* would be transferred from Washington to Torquay. This might well have led to endless and divergent interpretations of the words in the Agreement which are designed to provide for consultation, with the advice of the Fund, among the contracting parties with regard to import restrictions used to safeguard balances of payments. Much more heat than light would have been generated, of course, by a legalistic controversy over the scope of the Report prepared by the Fund and over the authority of the *Contracting Parties* formally to recommend, in the cases in question, the relaxation of import

restrictions. Moreover, in the process the GATT would probably have been discredited as a useful international forum for the discussion of such important questions of commercial policy. This disturbing prospect, however, did not materialise. It was avoided by the application of a good deal of commonsense all around, and the nature of the discussion which evolved in the Working Party must be attributed to a significant extent to the firmness of the chairman in steering the debate away from legalistic wrangling towards a frank and friendly exchange of views on the real issue — whether in fact the countries concerned are now in a position to begin relaxing some of their import restrictions. The achievement of this aim was certainly promoted by the reasonable opening statement made by the Canadian representative. The discussion on the position of each of the countries concerned has now taken place and the report of the Working Party is being drafted. A fuller report on this subject will be sent separately.

3. Another important Working Party has been considering the Questionnaire composed by the Secretariat which was designed to elicit as much specific information as possible on restrictions still existing in 1951 for balance of payments reasons. As originally drafted, the Questionnaire came under criticism from those countries who use the balance of payments escape in the GATT to justify the maintenance of a wide range of restrictions. Thus the usefulness of the Questionnaire was queried in plenary on the ground that it was too complex, involved too much crystal-gazing, and was impracticable. Sir Stephen Holmes, speaking for the United Kingdom, remarked aptly enough and with some relish of his own sly wit, that the Questionnaire inevitably reminded him of a university examination paper except that the candidate was not given the option of selecting, say, three out of five questions but had to answer all sixteen. In any case, the task of the Working Party has devolved on a small drafting group on which we are represented, which will seek to modify the Questionnaire to make it generally acceptable and yet precise enough to require specific answers.

4. Four Working Parties of less general interest and importance have either wholly or partially completed their work. One considered the United Kingdom proposal to extend the provisions in the Agreement (Article XX, Part 2) which allow countries to take measures which might otherwise conflict with the terms of the Agreement, in order to combat shortages or liquidate surpluses resulting from the war. For example, the United Kingdom interprets the provision relating to shortages to allow her to mix sterling tobacco with imported Virginian tobacco because, she says, the Virginian tobacco is in short supply in England as a result of the war. The United Kingdom also uses this provision to channel scarce products to countries with which she has bi-lateral Trade Agreements, e.g., caustic soda to the Argentine. The United States, on the other hand, regards the provision relating to surpluses as a cover for her butter quota which, of course, mainly affects New Zealand.

5. In the Working Party, the United Kingdom, Norway and New Zealand argued that the provision relating to shortages should be extended for a longer period than the clause respecting surpluses which should be prolonged for only a year, if at all. After considerable circumlocution, it was decided to recommend that all the provisions in question should be extended for a year and that the measures taken under

these should be closely examined at the next Session of the *Contracting Parties*. This recommendation was consistently supported by our representative in the Working Party and has now been approved by the *Contracting Parties*.

6. A second Working Party has been considering applications under Article XVIII for release from other provisions of the Agreement in order to promote economic development. As reported previously, the applications of Haiti and Denmark have been dealt with. After discussion, it appeared that the Italian measure respecting seed oils which is designed to protect the domestic olive oil industry would be permitted under Article III of the Agreement and this application was, therefore, withdrawn by Italy. With regard to the other Italian measures, i.e. quantitative restrictions to protect the domestic production of radio sets and synthetic organic dye-stuffs, the position is somewhat different. In these cases, both the United States and the United Kingdom consider that the application of quantitative restrictions for economic development would not be justified. In the circumstances, it appears that Italy may withdraw her application for release of these measures under Article XVIII, with the explanation that if they are inconsistent with the Agreement they will be replaced by other action permitted under the Agreement. The *Contracting Parties* have approved an interim report of the working party which deals with all the measures notified except the Italian applications respecting radio sets and dye-stuffs. Since there was little or no direct Canadian interest involved in the measures considered, our representative on the Working Party sought only to promote reasonable respect for the terms of the Agreement.

7. Still another Working Party has drawn up a code of recommendations designed to standardize as far as possible the administration of import and export restrictions so as to minimize hardship and uncertainty to traders. This code will have no binding force but may be regarded as a step in a useful direction. The report of this Working Party has been approved by the *Contracting Parties*.

8. Finally, the Budget for 1951 has been approved by the *Contracting Parties*. Our contribution for next year is $13,436.25 as compared with $13,252.15 for 1950. As you know, the staff of the Interim Commission for an International Trade Organization has, in the past, acted as the Secretariat for the *Contracting Parties*. In its ICITO capacity, the Secretariat has been partly financed by loans from the UN Working Capital Fund. In view, however, of the uncertainty about the establishment of the ITO, it has been agreed that it is no longer appropriate for the Secretariat to obtain funds from the UN and that all its expenses should, in the future, be borne by the *Contracting Parties*. In the circumstances, the Secretariat propose that a Working Capital Fund should be set up for the *Contracting Parties*. This proposal would, of course, involve an additional levy and it was decided that the whole matter should be examined at the next Session of the *Contracting Parties*.

9. A more permanent basis for the GATT is implied by the proposal for the establishment of a Working Capital Fund and this question is therefore related to the Canadian proposal for a Continuing Committee of the *Contracting Parties*. The United States Delegation is now showing considerable enthusiasm for our proposal and they have indicated, in strict confidence, that they intend to ask Congress for an appropriation for GATT when the Trade Agreements Act comes up for renewal

next Spring. (At present the U.S. contribution comes out of an international organization contingency fund in the State Department appropriation). The proposed action by the United States would, of course, put the GATT on a more permanent footing as far as they are concerned, and appears tantamount to giving up for the time being at least the idea of ratifying the ITO. It is planned that our proposal shall be taken up in Plenary in the near future and referred to a Working Party.

10. Even an outline report of the recent work of this Session would be incomplete without some mention of the labours of the Legal Working Party, which has been producing and revising various versions of a Final Act, Decisions, a Protocol (with Annexes), and a Declaration. The purpose of all these instruments can be stated simply; it is to admit new members to the club and extend until January 1, 1954 the tariff concessions (as modified) negotiated at Geneva and Annecy together with the new concessions agreed on here. It would, however, appear to serve no useful purpose to attempt to trace the intricacies of the discussion in the Legal Working Party in this report.

11. We will, of course, keep you informed of further developments and will ask for instructions whenever important policy questions arise. (It now appears unlikely that the Schuman Plan will be considered at this Session and the question of extending M.F.N.[22] treatment to Japan has been formally postponed by its entire omission from the Agenda of this Session).

I have, etc.,
H.B. McKINNON

438. DEA/9100-AG-40

Le chef suppléant de la délégation auprès de l'Accord général sur les tarifs douaniers et le commerce au secrétaire d'État aux Affaires extérieures

Deputy Chairman, Delegation to General Agreement on Tariffs and Trade, to Secretary of State for External Affairs

SECRET Torquay, December 21, 1950

Sir,

Interim reports on the progress of the Fifth Session of the Contracting Parties to the General Agreement on Tariffs and Trade were contained in our despatches of November 16 and December 2. The Torquay meeting of "the sole existing international forum for the discussion of commercial policy questions on a world-wide basis" was held from November 2 to December 16. With this final despatch notes are enclosed† on each of the 31 agenda items together with a list of the countries and international bodies which were represented at the conference. In this covering despatch, brief reference is made only to those matters taken up at the conference which may be of special or general interest.

[22] Nation la plus favorisée./Most Favoured Nation.

2. There is little more that can usefully be added, in a general way, to previous reports concerning the consultations over the maintenance of import restrictions by certain countries for balance of payments reasons. In essence, it would appear that the consultations had both a negative and a positive value. On the one hand, they were conducted so as to obviate a bitter and unproductive controversy over the role of the International Monetary Fund in the affairs of the GATT; and, also, to avoid a damaging deadlock over the authority of the Contracting Parties, acting jointly, to formally recommend the relaxation of import restrictions (possibly in the cases of the United Kingdom, Australia, New Zealand, Ceylon, and Southern Rhodesia). On the other hand, the discussions strengthened the positions of those members of the sterling area which favour the relaxation of dollar import restrictions. In addition, the consultations may have supplemented official opinion in the U.K. inclining towards some relaxation of restrictions.

3. The sensitiveness displayed by the U.K. over the consultations may have been to some extent a reflection of her exposure to economic pressures from inside and outside the sterling area. And such pressures may partly explain her resistance to assessments by the Contracting Parties, in consultation with the Fund, of the relation of her balance of payments to her import restrictions. The U.K. showed, during the consultations, marked antagonism towards the Fund. It may be relevant in this connection that the Agreement provides the Contracting Parties shall accept the determination of the Fund with regard to certain criteria on the movement and level of monetary reserves. These criteria, moreover, may constitute an important element in the view taken by the Contracting Parties as to the justification for maintaining balance of payments import restrictions. The role of the Fund is due to come up again at the next session since the Australian Delegation have announced that they will submit definite proposals on the procedure for the participation of the Fund in consultations at that time.

4. The relation of monetary reserves to trade restrictions may also arise at the next session when the Contracting Parties carry out a review of existing balance of payments import restrictions, including their discriminatory application. The questionnaire to be completed by governments on this subject is, however, designed to elicit only factual information and does not require appraisals of results achieved by restrictions or forecasts of changes in policy. The Secretariat has, nevertheless, been authorized, in effect, to obtain material from the Fund to supplement the answers received to the questionnaire. The deadline for the replies is June 17 — three months before the next session of the Contracting Parties at Geneva, September 17, 1951. On receipt of the questionnaire it will only be necessary for Canada to notify the Secretariat that Canadian import controls were removed on January 2, 1951 in view of Mr. Howe's announcement of December 15.

5. With regard to import and export restrictions still maintained for *other* than balance of payments reasons, the Secretariat has been authorized to ask governments to submit statements describing each measure of restriction, the products to which it is applied, the methods of restriction, and to include relevant statistics of trade in the products concerned. These replies are also required by June 17 and Canada will, of course, be expected to submit appropriate information including copies of laws, regulations, etc. regarding those export restrictions in force at the

time the inquiry is formally received. It was, however, made quite clear that governments would not be expected to furnish information which they would not wish to supply on security grounds.

6. The session provided an opportunity for making further progress towards a satisfactory settlement of a commercial matter which has been of direct and immediate interest to Canada, i.e., the discriminatory aspect of the U.K. system of exempting a wide range of utility goods from purchase tax which is nevertheless levied on comparable imported goods. This matter was raised by the Netherlands delegation and Sir Stephen Holmes, in an unusually forthcoming statement, admitted that the effect — though not the objective — of the utility system was discriminatory. He said that the U.K. government are working on a solution of the problem and they "are very hopeful that it will be possible for the discrimination, with no very great further delay, to be removed."

7. The Canadian representative, whose remarks followed Sir Stephen's statement, referred to the burden of discrimination created by the utility system against Canadian manufacturers in general and the Canadian rubber footwear industry in particular. He stated that since the Canadian government first took the matter up in London much time had elapsed while alternative methods of solution were being considered in the U.K. While agreeing that the matter should be retained on the agenda for the sixth session, he concluded by expressing confidence, in the light of the U.K. statement, that there would be no need to discuss it and the hope that a solution would be acted upon in the very near future.

8. Another matter of special interest to Canada, and also of wide general interest, was the Canadian proposal regarding the continuing administration of the Agreement. Some members of the working party set up to consider the proposal stated that they were not in a position to commit their governments in any respect in regard to a standing committee. The subject was therefore discussed solely with a view to indicating what type of standing committee would be likely to promote the effective administration of the Agreement if and when such committee were established.

9. After discussion, the working party unanimously adopted a comprehensive and useful report including recommendations respecting the terms of reference, composition and method of selection of a standing committee. The report stated that the working party had come to the conclusion (without prejudice to the reservations already mentioned) that "a standing committee could serve a useful purpose by contributing to the efficient administration of the Agreement." The Contracting Parties took note of the report of the working party and agreed that it should be submitted to governments for further study.

10. You are no doubt fully familiar with the background circumstances which influenced the consideration given to the proposal for a standing committee. In this connection, however, it may be of some use to record briefly several of the salient factors. At the outset there was opposition from the less-important trading countries arising out of their fear that they would have no voice in a powerful executive committee which, if set up, would arrogate powers of decision now resting with the Contracting Parties in full session. This fear was, to a significant extent, dispelled

by the working party's objective study of the functions that a standing committee could perform.

11. A more far-reaching issue, however, in connection with the Canadian proposal was raised by the decision of the U.S. administration not to re-submit the ITO Charter to Congress but to ask Congress "to consider legislation which will make American participation in the General Agreement more effective." This development brought close to the surface a basic problem which never seems very deeply submerged in the GATT, namely, the situation created by the rather wide difference of emphasis which is evident among governments in regard to the fundamental aims of the Agreement, i.e., the reduction of tariffs and the eventual elimination of other restrictions and controls on trade. The most striking illustration of this divergent approach is probably provided by the U.S. and the U.K. Whereas the U.S. administration now seems prepared to take measures to strengthen the Agreement, the U.K. government rigidly instructed its delegation not to go beyond the commitments already entered into under the Agreement. This means, of course, that the U.K. is unwilling at this time to consider favourably any revision of the arrangement which provides that important Articles in the Agreement have no legal force when they are inconsistent with "existing legislation." It appears possible that the whole question of the future of the Agreement (and perhaps, in addition, the Schuman Plan and extension of M.F.N. treatment to Japan) may be discussed at the next session in September.

12. Though the U.S. as a leading proponent of freer trade is a much stronger supporter than the U.K. of the positive principles embodied in the Agreement, she does, of course, occasionally display atavistic tendencies. A case in point at this session was perhaps provided by the withdrawal, under the most extreme escape clause in the Agreement, of a previous U.S. tariff reduction on the importance of fur felt hat bodies. That clause (Art. XIX) provides, among other things, for the emergency withdrawal of tariff concessions without prior consultation if, through unforeseen developments, increased imports are causing or threatening serious injury to domestic producers. The Czechoslovakian delegation claimed that the U.S. had no right to use the escape clause in this case, primarily because serious injury to domestic producers was not caused or threatened by the imports in question.

13. The contention of the Czechoslovakian delegation will be examined by an inter-sessional working party on which Canada is not represented. The working party is obviously confronted with a thorny task and its report will, no doubt, be awaited with interest. Whether or not, however, there are substantial grounds for a debate on the legal aspect of this U.S. action, it seems unfortunate, from the point of view of the operation of the Agreement and the prestige of the leading participating nation, that the U.S. should have found it necessary to resort to the widest escape clause in respect of such an essentially picayune matter (particularly in a period of great economic prosperity) as the importation of fur felt hat bodies. There are, of course, many aspects to the matter but, nevertheless, it provided a sharp contrast to the repeated emphasis of such public figures as Mr. Hoffman, Mr. Gray, and Mr. Acheson that the U.S. must take steps to encourage imports to enable other countries to pay for U.S. exports.

14. Finally, reference should perhaps be made to the brochure "Standard Practices for Import and Export Restrictions and Exchange Controls", which will be released on December 27. You will already have received copies by air mail of this pamphlet, which contains recommendations designed "to reduce to a minimum the uncertainties and hardships to merchants resulting from the changing and unpredictable operation of trade controls." As you will probably have noticed, the recommendations are neither as striking nor lucid as they might be. It is thought desirable, however, to draw the brochure to your attention since it will shortly be available to the press. In this connection, it might be added that by January 1 all the decisions and resolutions of the Contracting Parties to date will have been derestricted and therefore available to the public either through application to the various governments or by writing to the Documents Officer, ICITO, at Geneva.

I have, etc.,

H.B. McKINNON

SECTION B

ACCORD INTERNATIONAL SUR LE BLÉ: ACCESSION DE NOUVEAUX MEMBRES
INTERNATIONAL WHEAT AGREEMENT: ACCESSION OF NEW MEMBERS

439. DEA/4171-E-40

Le haut-commissaire au Royaume-Uni au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom to Secretary of State for External Affairs

TELEGRAM 43 London, January 10, 1950

CONFIDENTIAL

Reference my telegram No. 30, January 7th,† International Wheat Council. Admission of Germany and Japan.
Following from McNamara, Begins: [Frank] Hollins, United Kingdom delegate to the Council, called an informal meeting yesterday at which United States and Australian representatives as well as ourselves were present, to outline United Kingdom position on the accession of Germany and Japan. He said that Ministers had decided that since the USSR and Argentina did not appear willing to join the International Wheat Agreement, the accession of two such large importers would tip the present balance of the agreement in favour of the exporters. Their membership would mean increased competition for agreement wheat which would tend to keep the price up. In addition, if either or both of the new countries took more than five million bushels of Australian wheat (the figure now under consideration for Australia) it would decrease the present supply of non-dollar wheat for other importers. Hollins indicated that the United Kingdom and other importers were seriously con-

cerned with the present working of the Agreement. Prices, he said, were being held at the maximum, irrespective of the laws of supply and demand. He concluded by stating that while the United Kingdom in principle favoured the admission of Germany and Japan to international technical agreements, including the IWA their position at Thursday's meeting would be to endeavour to have the Council recognize that accession of the two countries at the present time would present a real economic problem to the United Kingdom, and that it would, therefore, not be possible to support their membership until a real attempt had been made to meet the economic difficulties foreseen. The suggestion was that before voting on accession, the Council should try to negotiate some sort of arrangement which would assist the United Kingdom in its economic problem. The United Kingdom said it would only be prepared to vote for accession if its own position was not worsened by the entry of the two new members. Questioned as to what they had in mind that might assist their position, Hollins had no positive proposal to put forward, but expressed the hope that some other country would come up with a solution.

2. We are not sure at this stage how serious the United Kingdom is in stating that they will oppose admission, nor are we clear what quid pro quo is expected from the exporters. It may be that what they have in mind is agreement by Canada and Australia to restrict sales to the two countries concerned, or agreement to reduce prices below the maximum. Subject to your judgment, we propose to await further developments after [Stanley] Andrews, the Chief United States delegate, arrives today. On the whole, we consider that to agree either to reduce prices below the maximum at this time, or to restrict sales to any signatory importer, is not a proper matter for discussion by the Council meeting, and that accession of Germany and Japan should be considered on their merits.

3. We understand that the United Kingdom also met yesterday with other importers, presumably to concert the line to be taken on Thursday. Ends.

440. DEA/4171-E-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 62 London, January 11, 1950

CONFIDENTIAL. MOST IMMEDIATE.

Reference my telegram No. 43, January 10th, International Wheat Council, admission of Japan and Germany.
Following from McNamara, Begins: At a meeting to-day of the exporters, [Sir Edwin] McCarthy, the Australian representative, said he had heard from Hollins (United Kingdom) that one of the importers, speaking for a group of importers, had suggested to the United Kingdom that a solution to their economic problem with respect to the admission of Germany and Japan might be for the sterling exporters

to agree not to sell to either Germany or Japan a quantity of wheat in excess of the amount by which their present guaranteed quantities are increased by the two accessions. The United Kingdom has referred this proposal to Ministers for consideration.

2. To our surprise, McCarthy indicated that he would be prepared to recommend this solution to his Government provided: (a) that flour sales would not be affected; and (b) that the proviso would not operate at the floor price. His feeling was that the undertaking, together with the two reservations, should be embodied in the Council resolution approving membership for Germany and Japan.

3. McNamara, supported by the United States representative, took the line that while an arrangement of the kind proposed might be agreed outside the Council between the soft currency countries concerned, it had no place in a Council resolution since it cut directly across the underlying principles of the agreement and of multilateral trading practices.

4. Unless we hear from you to the contrary, we will maintain this position when the Council meets to-morrow morning.

441. DEA/4171-E-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 71 London, January 12, 1950

SECRET. MOST IMMEDIATE.

Reference my telegram No. 62 of January 11th and your No. 53 of January 12th,† International Wheat Council admission of Germany and Japan.
Following for [sic] McNamara, Begins: At this morning's meeting, the Greek representative, supported by India, put forward the proposal outlined in my telegram under reference. The United Kingdom intimated that this sort of a solution might be acceptable to Ministers, and the Australian representative said he would be prepared to recommend it to his Government provided that flour sales would not be affected and that the scheme would not operate at the floor price. We stated our objections in principle to the solution (see my telegram No. 69)† and were supported by the United States, although Andrews was less firm in his position than ourselves. No progress was made in reconciling the divergent views, and a working party, consisting of the United Kingdom, United States, Australia, Greece, India and Canada was set up to examine the question and attempt to find an acceptable compromise. The group met privately this afternoon, and the following alternatives were considered:

(1) To allow Japan and Germany to enter the agreement with no conditions concerning the amount of wheat they could purchase from non-dollar exporters.

In our view this is the best solution, but it is not, repeat not, acceptable to the United Kingdom and some of the other importers.

(2) A confidential arrangement might be concluded between Australia on the one hand and the United Kingdom and other interested importers on the other, under which Australia would agree to limit its sales to the new entrants. This arrangement would not be brought formally to the attention of the Council.

At the present time the United Kingdom is not prepared to agree to this solution and Australia feels that its position vis-à-vis Japan would be invidious since Japan might approach them for additional supplies at the maximum price but Australia would be bound by a secret arrangement not to supply. If a restriction is agreed Australia would wish to be covered by a Council resolution to which it could refer. If the solution outlined in (1) above cannot be obtained (as appears likely) the solution in (2) might be the best compromise from our point of view, since in no way would we appear to have condoned the arrangement.

(3) It has been suggested that the importer's position might be met simply by having an Australian statement included in the record of the Council, to the effect that the supplies of non-dollar wheat to present agreement importers would not be reduced by the accession of Germany and Japan.

The Australian position on this proposal is the same as for (2) above, as they wish to have whatever action is to be taken formally endorsed by the Council. As far as we are concerned, this solution would appear to be undesirable, since the understanding would be recorded in the minutes, but less undesirable than the proposals outlined in (4) and (5) below.

(4) To make the entry of Japan and Germany conditional on their agreeing not to purchase from non-dollar suppliers any amount of wheat in excess of the quantity by which the guaranteed sales of such suppliers are increased by the two accessions.

This is the proposal which finds greatest favour with the United Kingdom, interested importers, and Australia. They argue that this is a condition of entry and not a restrictive arrangement, and that such a condition of entry was envisaged in Article XXI (lines 3 and 4). We have maintained the position that this proposal would constitute Council endorsement of a restrictive arrangement which is entirely contrary to the underlying principles of the agreement.

(5) The Greek resolution.

"That the accession of Germany and Japan to the International Wheat Agreement be approved on condition that the total quantity of wheat sold by any one of the non-dollar wheat exporting countries to Germany and Japan under the Agreement in any crop year shall not exceed the amount by which the guaranteed sales of that exporting country have been increased as a result of Germany's and Japan's accession".

All support for this resolution has been transferred to (4) above.

2. The present position is that Working Party members are putting these various proposals to their Governments in order of preference, with the request for instructions by tomorrow morning.

3. McCarthy of Australia has asked the United States and Canadian representatives to ascertain whether, if the Australian Government is agreeable to solution (4), their Government could support it. As previously indicated, we are opposed to this solution. Nevertheless, we are concerned that, in the event of United States agreement, Canada would be placed in the position of alone opposing admission of the two countries. The United Kingdom delegation has indicated informally, but beyond doubt, that they will endeavour to pin responsibility for non-admission, if this is the outcome, on the exporters, or on whichever exporter does not meet their condition. In this regard, I understand that they have today been approached by Clutterbuck.

4. Subject to your instructions, and if the United States decides to back solution (4) or its equivalent, we propose, when the question is put to the vote, to abstain rather than exercise our veto, and to accompany our abstention with a statement indicating that our inability to vote for the admission of the two countries arises entirely from the undesirable conditions attached by the United Kingdom and the other importers to their accession. We hope, of course, that agreement will be reached tomorrow morning on a more acceptable solution.

5. Please let me have your instructions before 10:00 a.m. GMT tomorrow, Friday, the thirteenth. Ends.

442. DEA/4171-E-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-87 Washington, January 12, 1950

CONFIDENTIAL. IMMEDIATE.

Following for Heeney from Wrong, Begins: The Secretary of State telephoned late this afternoon to say that he was instructing Steinhardt to take up with you urgently tomorrow the differences which have arisen in the Wheat Council over the admission of Germany and Japan. He said that there were two burning issues, one of which did not concern Canada; this related to the request of the United Kingdom that Australia should not sell wheat in excess of their quota to Germany and Japan, a matter which Acheson thinks ought to be settled outside the Wheat Council.

2. Canada, he said, was the centre of the other row, which concerned the increase in the Canadian and Australian quotas consequent upon the admission of Germany and Japan. He said that the United States' member had already stated that an increase of seven million bushels to Canada and three million to Australia was acceptable. They now, however, recognized that this was inadequate and they were ready to agree to bringing the figures up to fifteen million and four million respectively. Australia was satisfied, but the Canadian member had asked for twenty-eight million, while implying we would settle for twenty-six million but not less.

3. Acheson said the problem for the United States arose from the fact that throughout the lifetime of the Wheat Agreement the United States would have to furnish the cash to buy the wheat for these two countries. He thought it would be impossible to persuade Congress and the farming community that the Canadian quota should be increased beyond fifteen millions. He also thought that, if the Canadian member voted against the admission of Germany and Japan on the grounds that the Canadian quota was inadequate (as he has apparently implied), the repercussions would be serious in view of the desirability of restoring, piece by piece, the two countries to their place in international life.

4. He said that the vote was due to be taken tomorrow morning, but that the United States were asking for postponement for further consideration. I am too ignorant of the issues to form a judgment on the merits, but I promised him that I would bring to your notice his personal concern over the situation in the midst of all the other problems with which he is coping. He is thinking of asking the Secretary of Agriculture to telephone to Mr. Gardiner on the matter, and I encouraged him in this suggestion. Ends.

443. DEA/4171-E-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 66 Ottawa, January 12, 1950

SECRET. MOST IMMEDIATE.

Reference your Most Immediate telegram No. 71 of January 12. International Wheat Council.
Following for McNamara from Mackenzie. After consulting McIvor[23] and Acting Minister Garson we still share your original view that this matter should not be dealt with by conditional entry but should be handled by direct negotiation between United Kingdom and Australia. However over-riding consideration is that Germany and Japan be admitted to Agreement. Secondly it should not be allowed to be made to appear that Canada is opposing their admission.

2. With these considerations in mind would like to see solution in terms you suggest but if United Kingdom proves adamant and can enlist United States support you should agree in the last analysis to terms of proposal number four which you say finds greatest favour with the United Kingdom interested importers and Australia. We assume from your cable that United States may agree to British proposal and we know an urgent message has been despatched by the British to Washington. If United States resists British proposal strongly we should jointly seek some more satisfactory solution.

[23] George H. McIvor, commissaire en chef de la Commission canadienne du blé.
George H. McIvor, Chief Commissioner of Canadian Wheat Board.

3. Your proposal to abstain from voting and then explain abstention may be the best tactical course. We will leave it to you to decide but having in mind the importance that Canada should not be represented as opposing admission of Germany and Japan you might consider moving an amendment to remove the conditions from terms of accession in proposal four. This amendment would undoubtedly be defeated but you could make our position clear by then supporting the main motion. Alternatively you could vote for accession but make a statement after the vote making clear that Canada favours accession but regrets making such conditions a part of the Agreement.

4. We have just learned that United States delegation may ask for postponement of accession vote until allocation of increased quotas among exporters has been agreed. We anticipate direct representations in this regard from United States Embassy tomorrow morning. Will advise you soon as possible but unless you hear from us further, quantity question still in your hands and your present instructions stand.

444. DEA/4171-E-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 70 Ottawa, January 13, 1950

SECRET. MOST IMMEDIATE.

Repeat Washington EX-72.

1. As mentioned in our telegram No. 66 of January 12th, Mr. Steinhardt called on Mr. Heeney today at 5:00 p.m. to discuss the quantity issue.

2. Mr. Steinhardt explained the political difficulties which the Administration faces with Congress over the whole question of American foreign aid. He pointed out the embarrassment to the Administration in yielding to other exporters quantities which the United States have undertaken to finance. Consequently, with those difficulties in mind, it was decided at Cabinet level in Washington that Canada be allocated 15 million bushels and Australia four out of the total Germany-Japan quantity.

3. On our side, we reiterated our strong desire to have Germany and Japan accede to the Agreement. We made clear, however, that our own political difficulties would be no less serious if we were to agree to an arbitrary figure below 230. This figure had been arrived at after protracted and highly technical negotiations in I.W.C. circles over a period of years. It has acquired an historical and political significance in Canada. We explained that the reduction to 203 millions had been arrived at on a pro rata basis which should be applied in allocating the increased quantity. We emphasized the desirability of conducting quantity discussions through our representatives on the Council. Mr. Steinhardt, in view of the instruc-

tions he had to raise the issue in Ottawa, was not prepared to leave the discussions entirely on that basis.

4. Appreciating the necessity of avoiding an impasse, Mr. Steinhardt proposed to seek more latitude on the quantity from his authorities. He will advise us probably tomorrow. If we are pressed we may have to put any such new proposal to Cabinet.

5. Mr. Steinhardt also had the impression that Australia was not firm in its request for an increased quantity and that Canada might then be able to pick up four or five millions in that way. We replied that this was contrary to all advices we had from you but that we would raise the question with you in the possibility that there may have been new developments.

6. Unless you hear from us to the contrary, you are still under your existing instructions on quantities. It is important to keep the Council meeting alive in the hope of an early agreement on quantities although daily adjournments may be necessary.

445. DEA/4171-E-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 86 London, January 14, 1950

SECRET. IMMEDIATE.

Reference your Most Immediate telegram No. 70, January 13th, International Wheat Agreement.
Following from McNamara, Begins: Thank you for your prompt replies to our various messages. The meeting has now adjourned until Monday to allow time for further consultation on the terms of the accessions of Japan and Germany, and for further negotiations on the division of the Germany-Japan quantities. I have indicated to the United States informally that in any circumstances we would not be prepared to go below 228 million bushels (Andrews himself has tentatively mentioned this figure). My own feeling is that in the end the United States will meet us on this amount. As regards the extra quantity for Australia, Andrews (United States) hopes the Australians will agree to take three rather than five million extra bushels, but McCarthy (Australia) will, I think, hold out for four million. It should be noted that any concession which the Australians make below the five million bushel level would not be in our favour. McCarthy will only agree to a reduction in the Australian quantity as a result of the small concession (230 to 228), which we are prepared to make to the United States.

2. As regards the admission of Germany and Japan, the position is less clear. Although the United Kingdom is maintaining its position that some guarantee must be given to itself and other importers which would ensure their present supplies of non-dollar wheat, it is now rumoured, repeat rumoured, that their insistence on this

understanding being embodied in a resolution of the Council is weakening. In this connection the United States is apparently putting considerable pressure on the Foreign Office. Ends.

446. DEA/4171-E-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 106 London, January 17, 1950

SECRET. MOST IMMEDIATE.

Reference my telegram No. 95, January 16th.† International Wheat Agreement. Following for Mackenzie from McNamara, Begins: As regards the possible conditions for the admission of Germany and Japan, the following is the present position: United States will continue to press for accession without conditions concerning the supply to importers of non-dollar wheat and will endeavour to have the United Kingdom agree that any arrangement about non-dollar wheat should be on the basis of an exchange of letters outside the Council. If such agreement proves impossible, we suspect that in the final analysis the United States will support Alternative No. 4, or even the Greek resolution, Alternative No. 5 (my telegram No. 71, January 12th). Before doing this, however, they will insist one way or another on a vote on accession without the non-dollar wheat condition.

2. The Australian position is now clearer. McCarthy has authority to give a written undertaking to the United Kingdom that it would have first refusal of Australian wheat. However, if the United Kingdom did not accept this offer, which seems likely, Australia would feel free to sell to the new entrants. Australia is at the present time opposed to any understanding on the supply of non-dollar wheat being embodied in a Council resolution. McCarthy will support unconditional accession, but if this is defeated and he is satisfied that the United States and Canada would eventually support either Alternatives 4 or 5, he would be prepared to recommend a similar course to his Government.

3. In accordance with your instructions, we are still pressing for unconditional accession for both countries, but have confidentially advised the United States and Australia that if this is defeated we will not vote against the accession, and will either support it with the conditions of Alternative 4 or 5, or will abstain, depending on the tactical position at the time.

4. On the basis of the above assessment of the exporters position, it would appear that the accession of Germany and Japan will be approved at this meeting.

5. As regards the division of the extra quantity which Japan and Germany would bring into the agreement, we are maintaining the position outlined in my telegram under reference. However, I am becoming increasingly concerned that the United Kingdom will be able to derive tactical advantage on the question of the admission

of Germany and Japan from the failure of the exporters to agree on quantities. At an informal meeting this morning of exporters only, we again tackled this question, but little progress was made, partially because the position of the Ottawa-Washington negotiations was not known. In an endeavour to resolve this matter, and feeling that further delay would be to Canada's disadvantage, I tentatively on a personal basis asked Andrews whether he would consider recommending to Washington, if I recommended similarly to you, that agreement be reached on the basis that for this year the Canadian total be agreed at 220 million bushels, and that for the remaining years our total be 230 million bushels. In making this suggestion I had in mind that, because of the supply position, we would not be in a position to take advantage of the full guaranteed sale figure this year, and that our real concern is about our position in later years. McCarthy of Australia immediately stated that if it would assist in any way Australia would be prepared to forego the extra five million they had been requesting for this crop year, but would require a figure of 85 million bushels as its guaranteed sales for the following years. Andrews showed some interest in the suggestion I conveyed, but proposed that we should agree to stay at 220 million for this year and next year as well. I did not accept this, nor would I be prepared to recommend it. After the meeting, Andrews told me privately that he would discuss my suggestion with Washington this afternoon. (While realizing that my proposal is against the position which Canada has consistently maintained that quantities must be the same for all countries in each year, I felt that a compromise of this nature might ease the tension that has grown up between the United States and ourselves).

6. An alternative suggestion put forward by Andrews was that we should agree to the accession of Germany and Japan now but defer the whole question of the division of the extra quantity amongst the exporters, simply giving a guarantee that the major proportion of the supplies involved would be available from North America. He envisaged that we should have further discussions to resolve our mutual differences within the next few weeks, and if this failed the matter should go to the Council to be decided under the terms of the agreement. We do not like this suggestion as the manner in which the Council would decide on the division of quantities is not clearly spelt out in the agreement and there is a possibility that any necessary vote might only be by a simple majority. Since leaving the meeting Andrews has again been in touch with me and has urged that Canada agree to a total of 220 million bushels this year on the understanding that the division of quantities for the last three years of the agreement be postponed pending further negotiations. In addition, he stated that he would be prepared to make a statement in the Council to the effect that as far as the United States was concerned Canada's agreement to accept 220 this year would not be considered as a precedent for the further negotiations envisaged. I cannot help feeling that this suggestion is open to the same objections as a deferment of the whole question of quantities and that, moreover, acceptance by us of 220 now without some guarantee about further years would prejudice our future position in spite of any statement which Andrews might make for the record.

7. The exporters are meeting this afternoon at 5:00 G.M.T., and together we may meet the United Kingdom afterwards. I should appreciate any further instructions

you may have before this, either by cable or by telephone to Canada House. I would like to know in particular:

(a) The position with respect to quantities consequent on your talks with Washington;

(b) Whether you see any merit in my tentative proposal, paragraph 5 above, and, if so, whether I am authorized to put it forward officially;

(c) Your views on Andrews' proposals for a deferment of the whole quantity question, or, alternatively, our agreement to 220 for this year and deferment of a decision on the remaining three years. Ends.

447. DEA/4171-E-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 79 Ottawa, January 17, 1950

SECRET. MOST IMMEDIATE.

Repeat Washington EX-100.
Following for McNamara from Mackenzie, Begins: Regret your No. 106 received too late for reply before your five o'clock meeting.

2. Have now discussed your message with Garson, Gardiner and McIvor and you are authorized to put forward as a formal offer your proposal of 220 this year to be followed by 230 in the remaining three years.

3. We feel it most desirable that final settlement should be reached now rather than any postponement of discussion of quantities to a later date — either the whole quantity question or the quantities for future years.

4. Andrews' proposal of 220 for two years not fully discussed with Ministers but opposed by McIvor.

5. There have been no formal or official discussions with the Americans on this side other than Steinhardt's visit to Heeney.

6. Clutterbuck's Deputy, Shannon, to-day called on me to advise that, despite rumours to the contrary, British decision to insist on conditional entry was firm and they saw no chance of any change in that position. We are, however, pleased to note change in Australian position and there appears to be no need for any change in your instructions in this regard.

7. Throughout these discussions we have assumed that United States proposal of extra 15 is to be added to 203 of the signed quantities, making 218. We assume that when you speak of 220 or 230 you are also talking of signed quantities. It is our understanding that when this is converted to ratified quantities there will be a reduction of between 6 and 7 million bushels, so that 203 becomes 196 and 230 becomes 223. In the earlier discussions with Mr. Howe it was presumably assumed

that the quantity would be 230 in fact. The 6 or 7 million bushel shortfall should be an added argument in our favour. Ends.

448. DEA/4171-E-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 111 London, January 18, 1950

SECRET. MOST IMMEDIATE.

Reference your telegram No. 79, January 17th. International Wheat Agreement. Following for Mackenzie from McNamara, Begins: In a last minute effort to resolve the quantity question, Andrews and I met privately this morning. We have agreed to recommend to our respective Governments a solution on the following basis: of the increased quantity brought into the agreement by Germany and Japan, Canada's share for this year will be nineteen million bushels and in each of the following years of the Agreement will be twenty-seven million bushels. I think this is a satisfactory arrangement, and represents better treatment than we would have received had the decision on quantities been referred to the Full Council. McCarthy, the Australian representative, has confirmed his willingness to forego any additional quantity for this year arising from the accession of the two new members. However, it is anticipated that the Australian quantity will be increased by five million bushels in the remaining years of the contract.

2. I strongly recommend the above compromise both on its merits and because of the danger of any further delay, and would appreciate it if you could indicate your approval or otherwise by Most Immediate telegram before 4 p.m. GMT today, when exporters are scheduled to meet with the United Kingdom and interested importers. Ends.

449. DEA/4171-E-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 80 Ottawa, January 18, 1950

CONFIDENTIAL. MOST IMMEDIATE.

Repeat Washington EX-102.
Following McNamara from Mackenzie, Begins: Your No. 111 of January 18.

1. We approve. Ends.

450. DEA/4171-E-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 121 London, January 19, 1950

SECRET. IMMEDIATE.

Reference my telegram No. 111, January 18th, and your No. 80 of the same date. International Wheat Agreement.

1. The Council met today, and after the Chairman had reported that the differences separating the countries mainly concerned with the admission of Germany and Japan, had not yet been resolved, it was agreed to adjourn until 11 a.m. Saturday.

Admission of Germany and Japan

2. There have been one or two new developments since my previous messages. We understand that United Kingdom officials have now recommended to Ministers that they accept an undertaking by Japan and Germany in separate letters to the Council to the effect that they will not buy wheat from non-dollar exporters in excess of the amount by which such exporters' guaranteed sales are increased by their respective accessions. We are informed by the United States delegation that the German Government is prepared to supply such a letter, but that SCAP has so far been holding out for absolutely unconditional accession. If SCAP were to agree to supply a letter in the above terms, there might be some hope for unanimous agreement between exporters and importers, were it not for the firm instructions which McCarthy, the Australian delegate, has now received. The Australian position now is that they would be prepared, as previously, to offer the United Kingdom first refusal for Australian wheat, but that they definitely cannot accept either in a Council resolution or otherwise, an arrangement which would limit Australian freedom of action under the agreement. (This freedom would in effect of course be limited whether or not the undertaking about non-dollar wheat was given by Germany or Japan or by Australia, and whether or not in a Council resolution or in letters from Germany or Japan). The danger in this position is that Australia might vote against the accession of the two countries, even with an exchange of letters between Germany and Japan and the Council about non-dollar wheat, whereas we would be able to vote in favour and the United States and Great Britain might take similar positions. If the voting went this way, it would be open to Australia to protest that her freedom of action under the agreement had been restricted contrary to her wishes as a result of the voting strength of her two export competitors.

Quantities

3. The United States has neither officially accepted nor rejected the proposal outlined in my telegram under reference, but is maintaining the position that the ques-

tion of quantities can be treated separately from the accession of the two countries, and could be decided later either by agreement amongst the exporters or by the Council. I have indicated to Andrews that I will strongly oppose on the floor of the Council any deferment of the decision on quantities, and have impressed on him that Canada has already gone as far as could possibly be expected. I have reason to believe that the United Kingdom will support us in insisting that the division of quantities be not deferred.

4. On both the quantity question and on the two accessions the position of other exporters and the United Kingdom may well change before Saturday. I will keep you informed of any important developments, but in the meantime am well satisfied with my present instructions.

451. DEA/4171-E-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 137 London, January 21, 1950

SECRET

Reference my telegram No. 121, January 19th. International Wheat Agreement.

1. The Council met today and, as a result of a report from the Working Party, which had been unable to resolve the differences separating the main countries concerned, agreed to adjourn until reconvened at the discretion of the Executive Committee, and in any case not later than thirty days from today.

2. Prior to the Council meeting this morning, the Working Party met to see whether it would be possible to proceed to a vote on the admission of Germany and Japan. The United States representative stated that his present instructions would not permit him to vote for any other than unconditional accession for the two countries, and that the question of quantities would have to be resolved before vote on accession became effective. He recognized that unconditional accession for both countries would not be acceptable to the United Kingdom, and in any case the quantity question had not been settled as between Canada and the United States. He said that unless the other countries could meet the United States position, his instructions were to avoid voting for or against, or even abstaining, on compromise proposals, and that it would be necessary for him to withdraw from the meeting. There were, he said, internal differences of opinion in Washington on both the conditional entry of Germany and Japan, and on the question of quantities, and he doubted whether he would be in a position to participate in the Council meeting in a satisfactory manner until these had been overcome. Andrews was most apologetic and was clearly deeply embarrassed by the position he was forced to take.

3. The United Kingdom position was that with respect to Germany they were prepared to vote for unconditional accession, having in mind the letter which the

Germans are prepared to send to the Council indicating that they will not endeavour to purchase from Australia and France any more wheat than the guaranteed sales of these countries are increased by Germany's accession. As regards Japan, the United Kingdom was not satisfied with the statement which SCAP is now prepared to supply, saying that Japan will understand any arrangements which might be made between the United Kingdom and Australia for the protection of United Kingdom supplies of non-dollar wheat. This being the case, they would insist on a provision being inserted in the resolution on Japan's accession which would oblige Japan not to buy more wheat from Australia and France than these countries' guaranteed sales were increased by Japan's accession.

4. The Australian position is that McCarthy must vote against anything but unconditional accession. The Australians are, however, aware that they could be voted down if a solution were found which was agreeable to Canada and the United States on the one hand, and the United Kingdom and interested importers on the other.

5. As a result of a brief discussion in the Working Party on the various points of view, and having regard in particular to the United States position, it became clear that little purpose would be served by proceeding to vote on Japan and Germany without United States participation, and that the best thing to do would be to recommend adjournment to the Council and, as noted above, this was the action taken.

6. It would appear that consultation will now be necessary between the United States, the United Kingdom and Canada, and perhaps Australia in an endeavour to find within the next few weeks a mutually agreeable formula for the accession of Germany and Japan, and that talks will be necessary between Ottawa and Washington on the question of quantity.

7. McNamara is returning to Winnipeg by air today, and will be in touch with Mr. Mackenzie on Monday.

452. DEA/4171-E-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 308 Ottawa, March 8, 1950

CONFIDENTIAL

RE INTERNATIONAL WHEAT AGREEMENT

1. As a result of the meeting in Ottawa on March 3 between Secretary Brannan[24] and Ministers Howe and Gardiner it was agreed that out of the quantities directly involved in the anticipated German and Japanese accessions Canada would have no

[24] Charles F. Brannan, secrétaire de l'Agriculture des États-Unis.
Charles F. Brannan, United States Secretary of Agriculture.

share in the 1949-50 crop year; twelve million bushels in the 1950-51 crop year; twenty-four million bushels in the 1951-52 crop year; and twenty-seven million bushels in the 1952-53 crop year. No suggestions were made by the Americans on the shares they were prepared to agree with Australia, but it was agreed that the Canadian quantity would not be disclosed until the March 13 meeting of the Council.

2. With the quantity issue between Canada and the United States settled there appears to be little need for anyone to go from Canada to London for the March 13 meeting. Certainly this would be the case if the Americans do not propose to send anyone from Washington which we will confirm later. Accordingly unless there is any change of plan the Council Secretary should be advised that Biddulph[25] will serve as Canadian delegate for this meeting, [A.E.] Ritchie as alternative if [J.H.] Warren is not available, and Boxer[26] as adviser. Naming the Canada House representative as alternate will permit him to speak if debate arises on the political aspects of the accessions.

3. No discussion took place between Secretary Brannan and our ministers on the issue of unconditional accession. The issue should be dealt with first by the Council, and until it is dealt with our position on quantities should be that there are no differences between the Americans and ourselves and that the actual position will be made known when the vote on accession is taken. Our position on accession is that we favour unconditional accession with the German Government and the Japanese authorities free to act autonomously within the terms of the agreement as outlined and subject to my telegram No. 1939 of November 2, 1949, and also my telegram No. 45 of January 10, 1950.[27] To meet the British position, however, we would not be opposed to the tabling by the Council of letters from the German Government and the Japanese authorities that they will confine their purchases from non-dollar exporters to such increases as are made in the quantities of the non-dollar export countries as a result of the accessions. The tabling of such letters addressed to the chairman of the Council should require no formal action by the Council thereby avoiding any vote on the tabling. The Council resolution covering accession should then be proposed in unconditional terms and then voted upon by the Council. This procedure appears to us to be the least offensive to Australia and will not require action on their part other than voting for or abstaining from voting on unconditional accession. Reference to telegram No. 22 of February 27, 1950† from Canadian High Commissioner in Australia, sent to you by airmail, March 1 under Despatch No. 596,† indicates that Australia will abstain from vote on unconditional accession if Allied High Commission and SCAP are not the signatories for Germany and Japan. You will appreciate of course, that our position is wholly opposed to Allied High Commission and SCAP as signatories.

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[25] R.V. Biddulph, commissaire européen de la Commission canadienne du blé.
R.V. Biddulph, European Commissioner of Canadian Wheat Board.

[26] C.C. Boxer, cadre exécutif de la Commission canadienne du blé, Londres.
C.C. Boxer, Executive Officer, Canadian Wheat Board, London.

[27] Non retrouvé./Not located.

453. DEA/4171-E-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 456 London, March 10, 1950

SECRET. IMMEDIATE.

Reference your telegram No. 308 of March 8th, International Wheat Council.

1. Biddulph has been advised by Hollins of the United Kingdom that Acheson spoke recently with Sir Oliver Franks, urging him to seek some change in the apparently uncompromising position of the United Kingdom on the question of the admission of Germany and Japan. According to Hollins, Bevin is today replying to Franks indicating that there is no change in the United Kingdom's position, namely that they have no objection to Germany and Japan coming into the agreement provided the United Kingdom's supply of non-dollar wheat is protected.

2. Hollins further stated that they are satisfied with the German voluntary letter of January 20th,† and mean to raise the German entry separately from Japan if agreement is not reached on the admission of Japan (which, from the United Kingdom point of view, would require a similar letter from the Japanese authorities.) Hollins thought that they had every right to sponsor the German request separately from Japan if necessary.

3. The United States Embassy have indicated to Biddulph that they will not agree to any conditions for Japan. Moreover, according to their latest information, they will have to vote against any accession of Germany separately from Japan. They mentioned also the exchange of cables between Franks and Bevin, and reported that officials of the Embassy here have had discussions with Hollins. The United Kingdom picture, however, remains as described in paragraph 1 above.

4. The United States Embassy have not yet received final instructions nor do they expect them until Sunday. Neither has their full delegation been named but they anticipate that Stanley Andrews may come to London from the Far East to head their delegation, and they have been informed that Rhodes and Higby are coming over from Washington, arriving here tomorrow (Saturday).

5. Biddulph understands that Australia's position remains unchanged and that accordingly they will only agree to the unconditional accession of both Germany and Japan.

6. If, as indicated in paragraph 2, we are faced with a motion to agree to the accession of Germany alone, what position would you wish us to take? We are aware from paragraph 6(2) of your telegram No. 1939 of November 2nd that you had doubts concerning the Admission of Germany without Japan. If you were to agree at this stage to the admission of Germany alone what effect would that have on the quantities indicated in paragraph 1 of your telegram No. 308? In this connection, are the aggregate quantities in that paragraph based on 1.5 or 1.8 million

tons for Germany? What would be the appropriate Canadian share if the admission of Germany alone were to be envisaged?

454. DEA/4171-E-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 325 Ottawa, March 11, 1950

CONFIDENTIAL. IMMEDIATE.

Reference your telegrams No. 441 of March 9† and No. 456 of March 10, International Wheat Council.

1. Regarding voluntary letter from Japanese Andrews advised McNamara some time ago that such a letter would be forthcoming. From your advices, however, which we confirmed in Washington yesterday we now understand that the Japanese authorities are not prepared to give any voluntary undertaking and will seek unconditional accession.

2. Have noted the position of United Kingdom as in paragraphs 1 and 2 of your telegram No. 456 also the United States position in your paragraph 3. In general the conflict in views will have to be resolved directly between the United Kingdom authorities and those of the United States. We would prefer having both Germany and Japan accede unconditionally and it appears that this can be accomplished in the case of Germany coupled with Germany's voluntary undertaking. In order to make the Canadian position clear, however, we consider it important that resolutions for unconditional accession of both Germany and Japan be allowed to come to a vote. In such event the vote for Germany would apparently carry with opposition only from Australia. If the Japanese accession is defeated however in the vote those opposing would be on record and the Canadian position in both cases would be made clear that we had voted in favour of unconditional accession. This incidentally would overcome the difficulty referred to in paragraph 6(2) of my telegram No. 1939 of November 2 in which it was implied that under certain circumstances we would have to vote against the accession of Japan. It was the opposing vote we wished to avoid.

3. If the Americans fail to alter the British position, we see no reason why Germany should not be admitted and Japan excluded provided that the onus for the latter is placed on record on the United Kingdom. In this event we would be prepared to accept a pro rata reduction, namely two-thirds of the figures given in paragraph 1 of my telegram No. 308 of March 8. As for the possible reduction in the German quantity from 1.8 to 1.5 million tons we would be reluctant to accept any pro rata reduction in our figures because of this decline. After all the German and Japanese quantities have been largely settled between the United States and those countries and our claim to the quantities agreed upon with the United States a week

ago would have been just as valid whether the higher or lower quantity had been settled for Germany. We suggest that you hold out for no reduction in our figures on account of any reduction in the German figure, but if necessary in order to avoid further delay you are authorized to accept a pro rata reduction on the German figure as well.

455. DEA/4171-E-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 508 London, March 16, 1950

CONFIDENTIAL

Reference my telegram No. 480, March 13th.† International Wheat Council.

1. The Council met again yesterday, and decided on the admission of Germany without conditions about its access to supplies of non-dollar wheat. The letter which the German Government has sent to the Council on this subject was referred to during the discussion prior to the vote, but it was not tabled formally. In a separate resolution the German quantity of 1,800,000 metric tons was apportioned in a manner satisfactory to us (the two-thirds formula).

Canadian quantities in millions of bushels are:

1949/50	nil
1950/51	8
1951/52	16
1952/53	18

There was some initial difficulty about the division of German guaranteed sales, since France at the last moment insisted on its right to have its quota increased by 13,000 tons for the current year, and for the subsequent years of the agreement. The French representative could not be dissuaded from pressing this point, and in the Council moved an amendment to the figures which the other exporters had proposed. The amendment was, however, not pressed to a vote on the understanding that there would be further discussions between the United States and France about possible increases in the latter's guaranteed sales. In the meantime, the United States has agreed that France should have an additional 13,000 tons for each of the last three years of the agreement. It is well understood by the United States representatives that any further quantities given to France must come from their own guaranteed sales. In the voting on Germany's application, only Australia and Israel were opposed, although one or two of the smaller countries abstained. Australia voted against, because of the existence of the German letter to the Council undertaking to limit its purchases of non-dollar wheat.

2. Prior to the vote on the admission of Germany, a resolution proposed by the United States and supported by Canada was put to the Council for the admission of

both Germany and Japan without any condition about non-dollar wheat. This resolution was put forward on the understanding that if it failed of acceptance, the two applications would be considered separately. It was lost by the vote of the important importers.

3. As regards the application of Japan, the United Kingdom proposed a resolution in similar terms to that adopted for Germany with the additional provision that the quantity of wheat to be bought by Japan from Australia in any crop year should not exceed the amount by which Australia's guaranteed sales were increased in respect of Japan's accession. The United States moved, and Canada seconded, an amendment deleting this clause, but the amendment was lost by the controlling vote of the importers. McCarthy (previous agreement having been reached amongst the exporters) then suggested that Japan's application be deferred until not later than July 31st. This seemed generally agreeable and the United Kingdom representative withdrew the original resolution, thus avoiding the necessity of putting it to a vote. In the circumstances we consider this to be a happy outcome, particularly as Australia and the United Kingdom seem confident that, given more time, it will be possible for them to reach some sort of agreement which would satisfy the United Kingdom's concern about the supply of Australian wheat, and would thus remove the United Kingdom's objections to unconditional accession.

4. As regards Japanese quantities, Biddulph has received assurances from Rhodes who acted as United States delegate to the Council, that the distribution of guaranteed sales will be in accordance with the agreement reached in Ottawa with Secretary Brannan.

5. The Council has now adjourned, and a short press release will be issued today. Ends.

456. DEA/4171-E-40

Extrait d'un télégramme du haut-commissaire au Royaume-Uni au secrétaire d'État aux Affaires extérieures

Extract from Telegram from High Commissioner in United Kingdom to Secretary of State for External Affairs

TELEGRAM 1185 London, June 20, 1950

RESTRICTED

Reference your telegram No. 802 June 7th.† International Wheat Council, third session.
Following is a summary of developments to date. Please pass to Trade and Commerce and Wheat Board.

. . .

5. Accessions. The central problems before the Council at this session were the proposed accessions of Japan, Indonesia and Spain.

(a) *Japan*. Without further negotiation between exporters and importers, a resolution of Japanese admission without conditions with respect to its access to non-

dollar wheat, was put to the Council. The Japanese authorities had been unwilling to supply a letter to the United Kingdom similar to that put in by Germany undertaking to limit its purchases of non-dollar wheat, and failing some such guarantee the United Kingdom, with certain other importers, voted against, and the resolution was lost.

(b) *Indonesia*. Indonesia was unanimously elected a member of the Council, the understanding being that the guaranteed purchases of the Netherlands would be decreased by the amount of Indonesia's guaranteed purchases, i.e. 75,000 metric tons. In view of footnote 2 to Annex A of Article III, the Council was of the view that it was not necessary to invoke in respect of the Netherlands the procedure for reductions in guaranteed purchases.

(c) *Spain*. Prior to this session of the Council, Spain supplied a letter to the United Kingdom indicating that the access of importers already in the agreement to supplies of non-dollar wheat would not be prejudiced by Spain's membership. Having this bilateral exchange in mind, the importers voted for the unconditional accession of Spain. Amongst the exporters, all voted for Spain except Australia, and Spain was therefore elected. The quantity of Spain's guaranteed purchases is 100,000 tons. The division of this quantity has not yet been agreed by the exporters who will be meeting separately to consider this matter. There is a possibility that Spain would increase its quantity if the quotas of the soft currency suppliers France and Australia were raised. Will send you a fuller report on this aspect of the Spanish accession as soon as the position becomes somewhat clearer.

457. DEA/4171-E-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1224 London, June 24, 1950

CONFIDENTIAL

Reference my telegram No. 1185 June 20th. International Wheat Council, accession of Spain.
Following for C.D. Howe from McNamara. Please inform McIvor, Begins: An informal meeting of exporters was held on June 21st to discuss the division of the 100,000 tons brought into the Agreement by Spain. The meeting also considered ways and means of handling an additional 100,000 tons which Spain will guarantee to purchase if the quotas of soft currency suppliers i.e., Australia and France, were to be raised by that amount. In addition, preliminary consideration was given to the general problem raised by further accessions of importers to the Agreement or increases in the guaranteed purchases of present importers, and the related question of the adjustments which would have to be made in the guaranteed sales of exporters, should some importing countries eventually withdraw from the Agreement.

First 100,000 tons for Spain

2. As Spain had indicated that it would have funds available sufficient to purchase this quantity from dollar sources, and McCarthy did not press for an addition to the Australian quota, agreement was quickly reached that the 100,000 tons should be divided between Canada and the United States in accordance with the Howe-Brannan formula, with a slight adjustment to give France a pro rata increase. The division was as follows:

	Pro rata share	Metric tons
United States	168	44,883
Canada	203	54,234
France	3.3	883
	374.3	100,000

Possible additional 100,000 for Spain if soft currency supplies are increased.

3. McCarthy, for Australia, indicated that he would not press the other exporters to agree that Australia's quota should be increased above the 85 million bushel ceiling, but that if Australia was asked it would be willing to have its guaranteed purchases raised by any amount up to the additional 100,000 tons which Spain was prepared to request. He personally would prefer not to have the quota go up by more than 50,000 tons pending a review of the long term Australian production prospects. He suggested that it was up to Canada to decide whether, in order to get additional guaranteed purchases into Agreement, it would be worthwhile agreeing that Australia should increase its quota over and above the 85 million bushels prior to the time when Canada's guaranteed sales reached the 230 million bushel level.

4. I tentatively, and on a personal basis, put forward the view that the time was now appropriate to reach agreement between the exporters on some general formula for the division of further guaranteed sales, and conversely, on the method which should be followed for reductions in guaranteed sales should one or more importers withdraw from the Council. I had it in mind that while increases in guaranteed purchases are not likely to be very large in the future, the real difficulty will arise if importers fail to meet their obligations under the Agreement as world supplies of wheat improve and the price level falls. Moreover, I considered that it was not desirable to eliminate, if possible, bilateral deals amongst the exporters such as our understanding with Australia about its 85 million bushel ceiling, and the Howe-Brannan Agreement on the division of further quantities, which, together with the shortage of non-dollar wheat, have increased the difficulties arising from new accessions. In any case, it seemed to me that, in present circumstances, Canada stands to gain by any increase in guaranteed sales, even if this involves giving a little to Australia and France.

5. My concrete proposal was that the representatives present should agree to recommend to their Governments that any future increases in guaranteed sales should be divided pro rata amongst the exporters on the basis of their percentages of total guaranteed sales as at August 1st of the present year. This pro rata division would operate up until the point that any exporter reached whatever level it decided was its maximum for sales under the Agreement. As exporters dropped out, further quantities would be divided pro rata between the remaining exporters. As the corol-

lary of this arrangement, exporters would agree that any reduction in total guaranteed sales would be shared pro rata, on the understanding that initial cuts would be borne by those exporters, if any, who had continued to increase their guaranteed sales after other exporters had reached their self-imposed ceiling. The pro rata cuts would not affect exporters who had stopped at their ceiling until total guaranteed sales had dropped to the level at which these ceilings became operative. Thereafter, the pro rata formula would apply generally. While the representatives present could not agree to recommend this scheme formally to their respective Governments, it obviously created considerable interest, and there was a general feeling that some simple formula applicable in all circumstances, such as the one proposed, was desirable, and that the time was appropriate for a full review by the exporters of the operation of the Agreement in relation to their production possibilities in the remaining years of the contract.

6. Returning to the question of an additional 100,000 tons for Spain, the meeting considered whether the pro rata formula could be applied separately to this amount without prejudice to a general agreement on its future application to all increases or decreases. McCarthy indicated that, in this case, he would wish it to be applied to the first 100,000 tons, the division of which had already been informally agreed. In this connection, it was pointed out that, should agreement be reached on the application of the pro rata formula to the whole Spanish quantity, both Canada and the United States had indicated a desire not to purchase more than 100,000 tons from dollar sources. As far as McCarthy's point about the application of the formula to the first 100,000 tons was concerned, one possibility which was considered was that Australia's share of the second 100,000 tons might be set at a level which would represent its pro rata proportion of the full 200,000 tons. This would avoid re-opening the question of the first 100,000 tons.

7. There is to be another meeting of exporters in about a week's time, by which time it is hoped that representatives may have obtained at least the preliminary reactions of their home authorities to the proposal for the future application of a general formula and their views on ways and means of handling the additional 100,000 tons desired by Spain. I would appreciate very much hearing whether you agree with our general approach. MacKenzie, with whom these matters have been discussed, feels that the advantages which would arise from the application of a pro rata formula, particularly if countries start dropping out of the Agreement, more than outweigh any disadvantage which may accrue from proportionate increases in the Australian quota.

8. Since dictating the above there have been some new developments which are reported in my following telegram No. 1225. Ends.

458. DEA/4171-E-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1225 London, June 24, 1950

CONFIDENTIAL

Reference my telegram No. 1224, June 22nd, International Wheat Council. Following for C.D. Howe from McNamara. Please inform McIvor, Begins: At McCarthy's suggestion, a further informal meeting of exporters was held yesterday, June 23rd, in order that Canadian and United States representatives might be informed of new instructions which had been received from Canberra.

2. McCarthy said that the Australian Government was becoming increasingly dissatisfied with the working of the Agreement and in particular with the arrangements which were being made outside the Agreement to restrict purchases of Australian wheat in order to protect the access of existing importers to non-dollar supplies. It was the view of his authorities that irrespective of the precise legal position these outside arrangements represented a fundamental change amounting in effect to an amendment of the Agreement. If these practices were continued, it might be necessary to raise the matter formally in the Council and Australia's membership might be called into question. Australian officials are very much annoyed that it was not possible, because of United Kingdom veto, to get Japan into the Agreement.

3. Turning from the general to the particular, McCarthy said that the continued discrimination against Australia represented by the restrictive bilateral arrangement amongst importers had led Australia to reconsider its undertaking to limit its guaranteed purchases to 85 million bushels until such time as Canada's quota reached the 230 million bushel level. He was now under instructions to obtain for Australia some part of the additional guaranteed purchases brought into the agreement by Spain. In this connection, he stated that it would be necessary for him to withdraw his agreement to the division of the Spanish 100,000 tons which had previously been decided upon. Rather than do this formally at the Executive Committee meeting he hoped that it would be possible for the other exporters to agree to re-open the division of this quantity.

4. After considerable discussion, it was agreed that McCarthy should write to the Secretariat asking that no formal action be taken on a letter setting forth the agreed division of the Spanish quantity, which was submitted to the Council after the meeting of exporters the day before. In agreeing that the matter should be reopened I had it in mind that McCarthy, in any event, would be showing his hand in the Executive Committee and that on the whole, it would not be politic to try and force through the original division against Australia's opposition, since previously

it has always been possible for the large exporters to bring agreed figures to the Council.

5. As indicated in my message No. 1224 the Spanish position was that it could only guarantee purchase of more than 100,000 tons if the quotas of soft-currency suppliers were raised. With this in mind, McCarthy thought that one way of getting round the difficulty without cutting into the previously agreed division of the 100,000 tons between ourselves, the United States and France, would be to increase the Spanish guaranteed purchase to around 119,000 tons which would be divided so as to give Australia its pro rata share on the basis of existing percentages (roughly 17 percent). I was not prepared to agree to this procedure having in mind the unfortunate precedent which would be set by increasing guaranteed purchases in direct relation to an increase in guaranteed sales by the soft currency suppliers. My suggestion was that an approach be made to the Spanish authorities to see whether their agreement could be obtained to increase their quota to 200,000 tons, the whole to be divided pro rata amongst exporters so that the hard-currency suppliers would get an appropriate share of the increase. It was agreed that I should approach the Spanish representative along these lines. I saw him yesterday afternoon, but he said that Spain could not obligate itself to take more than 100,000 tons of dollar wheat. He agreed, however to refer my suggestion to Madrid.

6. The problem appears to be

(a) Whether we should, notwithstanding the dangerous precedent, allow Australia to go over the 85 million bushel ceiling and agree to McCarthy's proposal to increase the Spanish quantity by roughly the amount of the increase in the Australian quota, or

(b) Whether we should hold McCarthy to the ceiling until agreement of all exporters can be obtained to the operation of a pro rata formula which would apply for all increases and decreases of guaranteed sales, or until Canada reaches the 230 million bushel level.

7. Agreement on (a) above would temporarily, at least (since the problem will present itself again when further increases are considered) relieve us of the responsibility for preventing an increase in the Spanish quantity with a corresponding increase in the Australian quota which would permit these two countries to trade (having regard to the Spanish/British understanding about supplies of non-dollar wheat). From the discussion, my feeling was that the United States was sympathetic to the Australian difficulties and might eventually agree to McCarthy's proposal. Concerning (b) above, it is now clear that immediate agreement on a pro rata formula will not be forthcoming since both the United States and Australia would wish to examine it very closely with particular reference to downward revisions.

8. Would appreciate your views on the attitude I should adopt, prior to the next meeting of exporters which is not scheduled to take place for a week or ten days since Andrews is on the continent and I am leaving tomorrow to make contacts with other importers there. Moreover, McCarthy wishes time for further consultation with his Government.

9. Pleased to report South African contract signed this morning. Ends.

459. DEA/4171-E-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 930 Ottawa, July 3, 1950

CONFIDENTIAL

Following for McNamara from Beaupré; reference your confidential messages No. 1224 and No. 1225 of June 24th, Begins: As both Mr. Howe and Mr. Mackenzie are absent from the city, I have been asked to advise you that the Department is perfectly satisfied that at the forthcoming meeting of exporters you handle the situation in accordance with the dictates of your own good judgment.

2. In this connection, however, if it appears advisable to grant Australia quotas in excess of what has been considered their ceiling of 85 million bushels, every safeguard should be taken to insure that they also share in any reductions in the overall quota that might come about as a result of withdrawals on the part of the importers. Naturally, if prior to your meetings or, indeed, during the course of your meetings, you run into questions of principle upon which you would like to have our thinking, either in Ottawa or Winnipeg, please do not hesitate to cable and we will do our best to get immediate decisions for you.

3. I spoke to George McIvor on the telephone this morning, telling him that we were sending you this type of message, and I understand that he has already written to you along much the same lines and is in complete accordance with our views. Ends.

460. DEA/4171-E-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1332 London, July 10, 1950

CONFIDENTIAL

Reference your telegram No. 930, July 3rd. International Wheat Agreement.
Following for Mackenzie from McNamara, Begins: Please advise McIvor. At an informal meeting of exporters this morning, further consideration was given to the division of the Spanish quantity and to the possibility of evolving a pro rata formula for regulating further quantities which might be brought into or withdrawn from the agreement. Neither the United States nor the Australian representative was in a position to commit his Government to a pro rata formula at this time, and most

of the discussion centered round the Spanish quantity which both of them thought should be cleared up before dealing with the long term issue. They were of the view that a pro rata formula would raise considerable difficulties both of principle and detail, but were agreed that the time had come to undertake a general review. They pointed out that the working out of an agreed formula for the future would no doubt take considerable time whereas some urgency attached to the Spanish question, since Spain could not take advantage of its membership in the agreement until exporters had agreed on the division of its quantity.

2. In the meeting I took the initial position that unless we had some undertaking about the future we could not consider allowing Spain to increase its quantity over the 100,000 tons with a commensurate increase in Australia guaranteed sales since this would result in Australia going over the 85 million ceiling. Moreover, it would not correspond with the Howe-Brannan understanding. Nythus, speaking for the United States in the absence of Andrews, said that his authorities were quite prepared to see the Spanish quantity increased to 117.6 thousand tons, and for Australia to have the additional 17.6 thousand tons. He pointed out that it would be difficult for us to object since Canadian and United States quantities were not being reduced. Furthermore, that irrespective of the understanding between Spain and the United Kingdom any increase in guaranteed purchases is of benefit to all exporters, notably at the floor. I re-emphasized the importance we attached to future arrangements about the division of quantities, and while recognizing that exporters at this time could not commit themselves to the pro rata formula, said that in advance of agreeing to allow the extra 17.6 thousand tons to be earmarked for Australia, we would have to have some guarantee that the Canadian proposal would not be pigeonholed. After further discussion it was decided to meet again on Wednesday. With respect to our possible agreement to allow the 17.6 thousand tons to go to Australia, the following points have been clarified:

(a) The special 17.6 thousand tons increase for Spain with equal increase in the Australian quota is to be regarded as a special case, without prejudice to future divisions of quantities whether through new accessions or increases.

(b) The Australia-Canada understanding whereby Australia agreed to stay at a ceiling of 85 million bushels until Canada reached its figure of 230 million bushels, stands with the alteration that the Australian ceiling will now be 85 million bushels plus the 17.6 thousand tons.

(c) The division of the original 100,000 tons for Spain as well as any other additional quantities brought into the agreement, would be in accordance with the Howe-Brannan understanding until some general formula is agreed.

3. At the Wednesday meeting initial consideration will be given to alternative formulas for a pro rata division of further quantities, and representatives present will recommend the study of these alternatives to their Governments.

4. Subject to formal agreement amongst the exporters on the three points outlined above, and on the study of pro rata formulas, I am inclined to recommend that we agree to the additional Spanish quantity being given to Australia. Unless I hear from you to the contrary, I intend to take this line at the Wednesday meeting. Ends.

461. DEA/4171-E-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1357 London, July 13, 1950

CONFIDENTIAL

Reference my telegram No. 1332, July 10th. International Wheat Agreement. Following for Mackenzie from McNamara, Begins: At yesterday's meeting of exporters it was agreed that Spain should be asked to accede to the Agreement for 119,000 metric tons, of which Australia should be given 19,000 tons which is equivalent to its pro rata share of 16 per cent. The following is the text of an informal memorandum of Agreement, setting forth the conditions which have been agreed amongst the exporters in respect of the Spanish accession. Begins:

"At a meeting of United States, Australian and Canadian representatives held on July 12th to discuss the accession of Spain to the International Wheat Agreement, it was agreed:

(1) That the guaranteed purchases of 119.0 thousand metric tons, brought into the Agreement by Spain, should be divided between exporters as follows:

United States	44,883	metric tons
Canada	54,234	metric tons
Australia	19,000	metric tons
France	883	metric tons
	119,000	metric tons

(2) That the allocation to Australia of guaranteed sales of 19.0 thousand tons should not be regarded as a precedent for future divisions amongst the exporters of new quantities brought into the Agreement or increases made in existing importers' quotas.

(3) That this arrangement does not affect the question of the increase in Australia's quota above 85 million bushels whilst Canada's guaranteed sales are below 230 million bushels. Such question will come under review when proposals put forward in paragraphs 6 and 7 below are being dealt with.

(4) That the increase in the Australian quota of 19.0 thousand tons does not invalidate the Howe/Brannan understanding in Ottawa about the division between the United States and Canada of further quantities brought into the Agreement.

(5) That the understandings set forth in 2, 3 and 4 above shall remain valid until agreement is reached amongst the exporters on alternative arrangements.

(6) That the representatives present should recommend to their authorities that consideration be given as soon as possible to devising a formula in accordance with which exporters' guaranteed sales would be adjusted up or down on a pro rata basis to meet variations in the total quantity of guaranteed purchases.

(7) That a meeting of exporters be held prior to the next session of the Council with a view to agreeing on such a formula." Ends.

2. At the meeting some consideration was given to possible alternative pro rata formulas which might be used in allocating between exporters any further quantities brought into or withdrawn from the Agreement. The following is the text of one draft formula which might be applied. The representatives present agreed to recommend the study of this formula to their Governments. It has also been agreed that the exporters will meet prior to the next session of the Council with a view to agreeing on a general formula. Begins:

"(1) Within the range of one million metric tons above or below the total guaranteed sales as at August 1st, 1950, adjustments in quantities shall be made between the exporters on a pro rata basis in accordance with their respective percentage shares of total guaranteed sales as at August 1st of the latest crop year.

(2) If an exporting country does not wish to take the whole or any part of its pro rata share of any increases in guaranteed sales the Secretariat of the IWC shall be so informed and the additional quantity shall then be divided proportionately between the remaining exporters.

3. Exporting countries which have not taken advantage of possible increases under the pro rata formula shall not be asked to accept reductions in their guaranteed sales, in accordance with pro rata formula, until such time as total guaranteed sales have dropped to the level at which they ceased to take advantage of pro rata increases.

(4) The percentages at August 1st, 1950 are approximately: Australia 16 per cent, Canada 40.69 per cent, France .73 per cent, USA 42.58 per cent.

(5) This arrangement will not apply to the division of any guaranteed purchases brought into the Agreement by Japan which will be dealt with separately." Ends. Message Ends.

SECTION C

ACCORD INTERNATIONAL SUR L'ÉTAIN
INTERNATIONAL TIN AGREEMENT

462. PCO

Note du secrétaire d'État par intérim aux Affaires extérieures pour le Cabinet

Memorandum from Acting Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 232-50 [Ottawa], October 13, 1950

CANADIAN DELEGATION TO THE INTERNATIONAL TIN CONFERENCE AT GENEVA, OCTOBER 25, 1950

On August 31, 1950, the Secretary-General of the United Nations invited Canada to participate in an inter-governmental Tin Conference in Geneva on October 25, 1950. The purpose of this Conference is to consider a proposal to regulate the tin market by an international commodity agreement, a draft of which was prepared by the International Tin Study Group in March 1950. Canada has participated from the beginning in the work of the Tin Study Group which was created after the war to keep under review developments in the production, marketing and consumption of tin.

The pressure for a tin agreement comes primarily from the producing countries. Pre-war experience indicated that in a free market the price of tin was liable to very wide fluctuations. Most of the countries producing tin such as Bolivia and Malaya are very heavily dependent upon it and price fluctuations severely upset their economic and political stability. The private interests concerned are of course also anxious to attain greater stability.

The advantages of a tin agreement to consuming countries are not so obvious. Under normal conditions Canada's needs are small and price fluctuations are not serious for Canadian users. Even the United States which imports something like 60% of available supplies has been lukewarm about an agreement; at the last meeting of the Tin Study Group in March 1950, the United States voted against the proposal to call a formal tin conference and proceed towards an agreement. No tin conference could be successful without the United States. However, it is now understood that the United States authorities will participate in a conference if it is held this month as proposed. The general arguments in favour are:

(a) Importing countries such as the United States (and Canada) have a concern in the economic and political stability of under-developed countries such as Bolivia and Malaya.

(b) The promise of stability in tin-producing areas should, over the long run, result in conservation of ore reserves, stabilized production and possibly lower prices on the average.

(c) The promise of long run stability is particularly important just at present when tin is in short supply solely because of stockpiling requirements; production will not be increased unless there is protection against over-supply and depressed prices in the future.

The important characteristics of the present draft tin agreement are as follows:

(a) It does not become operative until depressing surpluses are in evidence.

(b) Export quota restrictions which are the main instrument cannot be put into effect until supported by two-thirds majority of the votes of producing and consuming countries counted separately.

(c) Importing countries may be expected to prevent this occurring until tin is in surplus supply.

(d) Export quotas set by the Council annually will provide for adjustment of total production to total consumption, at the same time ensuring availability of adequate stocks.

(e) As a hedge against a short supply position developing and also for price stabilization purposes, there is to be a buffer stock which a simple majority of votes in the Council can call into operation.

(f) Contribution of tin metal or money to establish the buffer stock and to support it is obligatory for the producing countries but only voluntary (and unlikely) for the consuming countries.

(g) Members, through the Council, will set annually the upper and lower price limits at which the buffer stock will sell or buy respectively but it will be optional for the buffer stock to trade in between these limits.

(h) The Agreement is limited to five years duration from commencement of operation.

Two special points should be noted from the Canadian point of view:

(a) There are no financial commitments involved for the Canadian Government beyond contribution to the expenses of Administration of The Agreement (but not of the buffer stock trading operation) and, of course, the direct expenses of attendance and representation at Tin Council meetings.

(b) If an agreement is reached it is likely that, in the future, any emergency allocating machinery for tin would be set up under the auspices of the agreement. During the last war tin was allocated by the Combined Raw Materials Board with which Canada was very closely associated. Hence, Canadian emergency needs were looked after. It is important that Canada should be associated with any organization that is likely to allocate tin in the future.

Canada's participation in the proposed tin conference was discussed by the Interdepartmental Committee on External Trade Policy on September 25th and it was thought desirable that a Canadian delegation should attend but undesirable for the Canadian delegation to take the lead in pressing for a tin agreement. It was noted that the draft agreement does not involve Canada in any financial obligations except for membership fees and that there are no commitments to impose domestic controls. In view of these limited obligations, the positive advantages of membership on the council if tin should again be allocated, and our interest in encouraging

economic stability in the tin producing countries, it was considered desirable that Canada should participate.

It is proposed that the Canadian delegation should be headed by Dr. G.C. Monture, who has previously been chief delegate to the International Tin Study Group, and that he be assisted by Mr. Yves Lamontagne, Commercial Counsellor at Berne, and also by Mr. V.L. Chapin, Assistant Commercial Secretary at The Hague, who has been the continuing liaison with the Secretariat of the Tin Study Group at The Hague.[28]

BROOKE CLAXTON

SECTION D

ACCORD INTERNATIONAL SUR LE SUCRE
INTERNATIONAL SUGAR AGREEMENT

463. DEA/10173-40

La Direction des importations du ministère du Commerce au sous-secrétaire d'État aux Affaires extérieures

Import Division, Department of Trade and Commerce, to Under-Secretary of State for External Affairs

Ottawa, November 2, 1950

Attention: Mr. Louis Couillard

Dear Sir:

We take pleasure in enclosing copy of Observations of Governments on the Draft International Sugar Agreement S.C.455 — text of 20th July, 1950 (Paper S.C.465/1 and 465/2) of the International Sugar Council dated 12th October, 1950.

Yours very truly,

E.B. PAGET
Beverages and Grocery Products,
Import Division

[28] Approuvé par le Cabinet, le 18 octobre 1950./Approved by Cabinet, October 18, 1950.

[PIÈCE JOINTE/ENCLOSURE]

Énoncé de la position du Canada

Statement of Canada's Position

[Ottawa], October 12, 1950

The Canadian Government fully appreciates the difficulties at this time facing members of the International Sugar Council in preparing a satisfactory draft of an international sugar agreement. Before the war, when the 1937 Agreement was signed, most currencies were mutually convertible and there was still a relatively large free market for sugar. Unfortunately these conditions have been greatly modified. The existence of inconvertible currencies inevitably creates serious obstacles in the way of an economic flow of sugar from many of the low cost producers to certain importing countries. Uncertainty in various countries regarding a continuing availability of supply under present world conditions is another complication facing those who are searching for a reasonable degree of stability in production and prices. These conditions have resulted in wide fluctuations in sugar prices — a situation undesirable both for producers and consumers.

In all the circumstances the principal problems confronting the International Sugar Council appear to arise mainly from factors which are not directly associated with the world production and marketing of sugar.

Canada is sympathetic to the basic objectives stated in the draft agreement, and is anxious as one of the main importing countries to obtain adequate supplies of sugar at reasonable prices. It is also recognised that the prosperity of the sugar exporting areas is of importance to a healthy international trade. Moreover, Canadian opinion is generally in favour of searching for the required solutions to sugar problems within the orbit of an international agreement rather than through the medium of inter-governmental contracts.

The Canadian attitude to specific points in the Agreement can best be understood against the background of the Canadian sugar position in general. The Council will be aware from statements made on previous occasions that the Canadian Government is not in favour of encouraging the uneconomic production of sugar from domestic resources. On the contrary, imports of sugar have long been regarded as a very important item among the purchases abroad which enable our foreign customers to accept increasing quantities of Canadian exports. This is clearly reflected in the fact that the tariff has been stable over a period of many years.

The Canadian market for sugar is not subject to regulations or restrictions. The purchase of raws on government account and the control of imports which were instituted during the war years and immediate post-war period have now been discontinued. Partly as a result of this policy of minimizing restrictions Canada constitutes the world's third largest importer of raw cane sugar, and stands high among other major importing countries in terms of consumption per head. Indeed, Canadi-

ans consume more sugar today than at any time previously both on a gross total and on a per capita basis.

In the light of the above facts, without prejudice to any later need to review the Draft as a whole, specific objections must be made to two of the Articles. The provisions of Article 8, obligating non-exporting countries to control production, presuppose the existence of a government programme determining the quantity of domestic sugar to be produced and of raw cane sugar to be imported.

The production and marketing of sugar in Canada is a matter left to free commercial competition so that a commitment to limit production would represent a major change in well established Canadian policy. The Canadian Government could perhaps assure the Council of a continuation of its policy not to encourage the uneconomic production of domestic sugar by special measures.

Article 9 is textually incomplete but contains a vague provision regarding steps which each importing country should take to prevent non-participating countries from gaining advantage at the expense of participating countries. This would appear to imply import discrimination in favour of signatories. The difficulty of defining ways and means of achieving the desired results is fully appreciated. From the Canadian viewpoint there is need for caution lest any action under this Article should have effects more serious than the condition it is designed to remedy.

Should the Council find that there is a threat of a burden-some surplus, Canada would be prepared to attend a conference called by the United Nations for the purpose of considering appropriate measures. In the meanwhile, it would seem desirable to continue studies of the terms of the draft agreement.

SECTION E

COMITÉ INTERNATIONAL DE LA CROIX ROUGE
INTERNATIONAL COMMITTEE OF THE RED CROSS

464. DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET Ottawa, October 2, 1950

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LEGAL QUESTIONS

The Financing of the International Committee of the Red Cross

Mr. Burbridge reported that the President of the International Committee of the Red Cross in a letter to the Department had reminded the Canadian Government as well as other governments which signed the 1949 Geneva Conventions, of Resolution 11 of the 1949 Diplomatic Conference which recognized the necessity of providing regular financial support for the International Committee of the Red Cross. The Committee estimated its 1950 budget to be 3,000,000 Swiss francs. The Presi-

dent had stated that "it would appear reasonable to assess the share of the American Continent at 1,000,000" Swiss francs. The Committee had not suggested any scale for individual contributions and hesitated to suggest the scale which has been adopted for contributions by member states of the United Nations Organization because of the large contributions made by the great powers to that organization. The Committee felt that it should not leave itself open to charges of partiality or favouritism which might result if it relied for financial assistance on a small group of powers. The Committee's impartiality and neutrality must be maintained in order for it to function properly. The President had stated that the Swiss Government was contemplating a contribution of 500,000 Swiss francs and that he hoped that the Canadian contribution would be in the neighbourhood of 25,000 Canadian dollars.

The United Kingdom Government was doubtful of the wisdom of governments making direct contributions to the International Committee of the Red Cross. It was their view that the generally accepted impartiality of the International Committee might be prejudiced if its existence were known to depend on subscriptions from foreign governments. On the other hand it was necessary that the International Committee be supplied with sufficient funds to enable it to operate efficiently in peacetime so that in the event of war it might be able to perform its functions immediately. The United Kingdom Foreign Office was considering whether it might make its contribution indirectly through the British Red Cross Society. The Government contribution would be made to the British Red Cross Society who would hand it over to the International Committee along with whatever contribution it would be making on its own account.

The Canadian position was being considered by the Department of Finance and the International Committee dealing with revision of the Geneva Convention. (Restricted)

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465. DEA/114-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le sous-ministre des Finances

Memorandum from Under-Secretary of State for External Affairs to Deputy Minister of Finance

Ottawa, November 22, 1950

Attention: Mr. D.R. McLellan

RE CONTRIBUTION TO INTERNATIONAL COMMITTEE OF THE RED CROSS

I refer to your letter of November 3, 1950,† in which you asked for my views on the request of the International Committee of the Red Cross for a $25,000 grant from Canada and on the manner in which such a grant should be made.

2. It is my view that the request of the ICRC is reasonable and justified and I recommend that it be granted.

3. You will recall that the reason why Canada ceased contributing to the ICRC, in 1948, was that the International Committee had ended its activities relating to Canadians. The United Kingdom Government had taken similar action in 1947. It has now become apparent, however, from correspondence received from the ICRC and referred to you (our letters of October 3 and October 19, 1950),† that the International Committee cannot maintain itself in an adequate state of preparedness for assuming the tasks, which are assigned to it in connection with the practical application of the Geneva Conventions, unless financial help is forthcoming from Governments signatory to those Conventions. In a letter dated April 29, 1950,† to Mr. Pearson, the President of the ICRC, explained that, while his organization is fully conscious of the need for "stringent economy", it is anxious to retain the most experienced members of its staff, including a small group of delegates, on whom the ICRC must depend to fulfill satisfactorily the role of neutral intermediary. Referring to the current activities of the International Committee, the President described how they afford training to both executive and staff for the heavier work they might be called upon to perform. He also mentioned that the ICRC has to enter into certain engagements, in order to have available wireless communication and sea transport, should the need arise for the use of these facilities. The President of the ICRC concluded that "these activities, taken as a whole, bring out the vital importance to the Red Cross of a system of regular financing, based upon a budget adopted from year to year". To enable Governments to assess the extent of financial support required, the International Committee proposes to send them, at the end of each year, a budgetary statement for the year which follows, and during the same period, a general report on its activity in the preceding year.

4. As regards the manner in which the grant requested by the ICRC should be made, I am impressed by the point made by the Commonwealth Relations Office in their letter of September 16, 1950,† to our High Commissioner in London. I agree with their suggestion that it might be desirable to pay an annual subscription to the National Red Cross Society, on the understanding that the Society would make a contribution in their own name of that amount, in addition to any further donation of their own, to the ICRC. This formula would have the merit, as the Commonwealth Relations Office pointed out, of safeguarding the generally accepted impartiality of the International Committee. I am, therefore, of the opinion, that, if a grant to the ICRC is authorized, it be made through the Canadian Red Cross Society, subject to the same conditions as those described in the letter from CRO.

A.D.P. HEENEY

466. DEA/114-40

Le sous-ministre adjoint des Finances
au sous-secrétaire d'État aux Affaires extérieures

Assistant Deputy Minister of Finance
to Under-Secretary of State for External Affairs

Ottawa, January 4, 1951

Attention: Mr. A.J. Pick

Dear Sir:

RE CONTRIBUTION TO INTERNATIONAL COMMITTEE OF THE RED CROSS

I refer to your letter of November 22, in reply to mine of November 3,† in which you give your views on the I.C.R.C.'s request for a grant of $25,000 from Canada and on the manner in which the grant should be made.

I note that it is your feeling that the request is reasonable and justified and that it should be met. I also note that you are in agreement with the stand taken by the Government of the United Kingdom that any contribution ought, in order to preserve the generally accepted impartiality of the Committee, to be made through the National Red Cross Society.

I am inclined to agree that, in the light of all the circumstances, we must make our contribution toward the support of the International Committee and in this connection I am taking the matter up with my Minister. There is one question, though, that is giving me some concern and that is "whether, in war with Communists, we can be at all confident that the Red Cross will be able to play its traditional war role". I should appreciate it if you will let me have, for the record, your views on this question.[29]

Yours very truly,
R.B. BRYCE

[29] La note suivante était jointe au document :/The following note was attached to this document: Mr. Stone, I think this is an improper field for Finance to mix in. In any case we cannot possibly foresee how the Russians will act in respect of POW's or in relation to their obligations under the Red Cross Conventions. We can only keep the ICRC machinery oiled and hope for the best. B.M. M[eagher].

CHAPITRE V/CHAPTER V

ORGANISATION DU TRAITÉ DE L'ATLANTIQUE NORD
NORTH ATLANTIC TREATY ORGANIZATION

PREMIÈRE PARTIE/PART 1

COMITÉ DE LA DÉFENSE DE L'ATLANTIQUE NORD ET LE COMITÉ FINANCIER ET ÉCONOMIQUE DE LA DÉFENSE
NORTH ATLANTIC DEFENCE COMMITTEE AND THE DEFENCE FINANCIAL AND ECONOMIC COMMITTEE

467. DEA/50030-C-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 33 Ottawa, January 7, 1950

SECRET

Following from Heeney, Begins: Reference my immediately preceding teletype.† North Atlantic Defence Financial and Economic Committee.
Following is text of memorandum referred to in paragraph 3 of my immediately preceding teletype. The telegrams referred to in the first line of the memorandum are, of course, your messages of December 6 and December 22 respectively.
Text Begins:

1. Your telegrams Nos. 2360† and 2479[1] indicate that in the view of the United States' representative on the PWS, early attention should be given to an examination of the fiscal capacity of the NAT countries. This examination is evidently expected, first, to reveal the comparative performance of the member countries in bearing the current cost of defence, and second, to establish some measure of their relative capacity to share the financial burdens of mutual defence in future — consistent with the maintenance of internal financial stability and support of continued economic recovery.

2. In our judgment this approach is an academic and impracticable way of dealing with the basic issue. The attempt to apply a general formula can be very unfair and misleading. No general formula can take fully into account all of the different national circumstances and varying government responsibilities and interests which must be considered when decisions are to be reached as to the amount — or proportions — which can or ought to be spent on defence. Furthermore, it would appear to us that the formula method approaches the problem the wrong way

[1] Voir *DREC*, volume 15, document 412./See *DCER*, Volume 15, Document 412.

around. Instead of discussing first what are the hypothetical ways of sharing a presumably large, but as yet unspecified, defence burden, it would seem to be more fruitful to consider first what is suggested as a minimum programme and then, second, to examine this programme in relation to the resources which the member governments might find it practicable to make available.

3. Finally, the decisions regarding total government expenditures and the tax burdens to be imposed are inevitably political decisions which each government must make for itself. It is impractical to think that such fundamental matters of government responsibility can be determined by an abstract formula. Obviously governments will have in mind their obligations under the common defence programme when making their decisions. In reaching their decisions, however, they will have to be concerned both with the needs of the programme and their capacity to participate.

4. In the preceding paragraphs we have discussed the circumstances which would govern the general position of the individual governments. For your guidance the following general provisions apply in our own case.

5. Canada's ability to participate in the financial sense — physical limits are not under discussion here — is limited by two basic factors: (a) the budgetary position; (b) the Balance-of-payments limit.

6. *The Budgetary Position.* Whatever the Canadian Government does as a contribution to the common defence, it must be properly related to the overall budget plan. The contribution must be such as to fit within the total expenditures which the Government feels the country ought to undertake. Moreover, effective participation in the mutual defence scheme requires that Canada should pay appropriate regard to the need to maintain a strongly functioning economy. Significant resource development, which in this country usually entails large expenditures, is one of the Budget items which can be expected to occupy an important place in the overall plan for Canadian participation. Obviously the allocation of Canada's fiscal resources between defence and non-defence expenditures — at best a difficult distinction to make — is a decision which can only be made by the Government.

7. *The Balance-of-Payments Limit.* Owing to the breakdown of multilateral trade Canada has been affected by the world-wide dollar shortage, and since the end of the war we have had in consequence a serious balance-of-payments problem. The solution of the balance-of-payments problem is itself a major task for the Canadian Government. Since this problem is a long way from an adequate solution, the Government could not accept new responsibilities which would aggravate these balance-of-payments difficulties. Therefore the steps taken must not add to the pressure on our foreign exchange reserves. Any contribution we may make must then take place either through additional exports, or involve appropriate foreign exchange arrangements with the United States.

8. Having in mind the general considerations stated in paragraphs 6 and 7, the Government is studying the possibility of participating along one or more of the following lines:

(1) the provision of training facilities for a limited number of officers and technical personnel of the other NAT countries;

(2) provision of raw materials, insofar as this is an addition to rather than a part of our normal exports;

(3) provision of items of military equipment available from Canadian production or stocks surplus to North American requirements;

provided that in (2) and (3) immediately above such action does not involve a significant drain upon our foreign exchange reserves, or, if a drain is involved, that appropriate arrangements are made to take care of the foreign exchange problem thereby created.

9. Additional background material prepared by the Department of National Defence is being sent in a supplementary message which provides some illustrative matter for your personal information.[2]

468. DEA/50030-C-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 34 Ottawa, January 7, 1950

SECRET

Following from Heeney, Begins: Quoted below is text of a message from Mr. Claxton supplementary to memorandum contained in my immediately preceding teletype. The analysis of defence expenditures† referred to in paragraph 2 of message is going forward to you today by Airmail, Special Delivery.

Text Begins:

1. Regarding comparison of defence expenditures by the various countries, the following points are mentioned as containing some additional arguments against all hard and fast formulae in appraising defence effort of each country.

2. In this connection, on the basis of the best information available to us here, we have had prepared and are air mailing you an analysis of the defence expenditures of the twelve countries in the North Atlantic Treaty. In the equivalent of Canadian dollars, this compares current defence appropriations on three different bases: First, per capita; second, as a percentage of national income for four different years; third, as a percentage of total government expenditure.

3. Attached to the analysis referred to in the foregoing paragraph is a note† explaining how it has been prepared. We do not regard the analysis as sufficiently reliable to enable you to use it in making comparisons. No doubt other tables have been prepared showing quite different results. This is sent to you to illustrate the

[2] Ce message a été rédigé par le ministère des Finances et approuvé par le premier ministre, le ministre des Finances et le ministre de la Défense nationale.
This message was drafted in the Department of Finance and approved by the Prime Minister, the Minister of Finance and the Minister of National Defence.

points we are making. The whole table should not be made available to anyone else but if others are using tables you might illustrate the difficulty of making such comparisons by stating that you have seen a table giving quite different results. Incidentally, it would be useful for our own information here if you could as far as you can with the information that may be available there check the table and also send us any other tables that may be available.

4. Any comparison would be materially altered if there is included in the defence expenditures of Canada or other countries items of a character included in the defence expenditures of some countries such as those on atomic energy, a considerable proportion of the activities of the National Research Council, for example, relating to aviation research, various items of expenditure on veterans and the large programme of housing by Central Mortgage and Housing Corporation earmarked for defence personnel.

5. You will also have appreciated the difficulty of comparing national incomes due to the different methods employed in arriving at them. Today more than ever there is the difficulty of arriving at a fair dollar equivalent due to differences in internal purchasing power or the amount of U.S. dollar content entering into the defence budget. Further, there are wide variations in the composition of national budgets as a result of the different functions of the national government under different systems.

6. In order to make any kind of comparison at all it is necessary to relate defence expenditures to the particular requirements and capacities of each country. For example, Canada with its 3 1/2 million square miles has to spend a very considerable sum simply maintaining communications which constitute an essential contribution to continental and indeed North Atlantic defence, as well as the defence of our own territory. As time goes on it will probably become necessary for us to devote more and more of our defence expenditure to the defence of our own country by the provision of early warning systems and the like. The formula of defence expenditure per square mile of territory is of course quite unrealistic, but in view of the considerations suggested here and others which will occur to you, hardly more unrealistic than the other formulae suggested. The geographical extent of Canada requires communications services and command and area organizations in all branches of the Navy, Army and Air Force resulting in very much larger overhead proportionately than would be the case with a densely populated country.

7. Because of our close associations with the U.K. and the U.S. and for other reasons, it is inevitable that our defence expenditures would be compared with theirs rather than with those of the other nations. You will appreciate that such a comparison gives rise to special difficulties because both the U.K. and the U.S. have worldwide interests and commitments. In the case of the U.S. particularly the population, climate, financial and economic power of the country makes any real comparison with Canada quite impossible.

8. Another factor having some bearing on this is the traditional attitude of each country towards defence. No doubt the Annual Report of the Department of National Defence for the year ending March 31, 1949, is available to you. At page 82 there is a table showing defence expenditures over the last twenty-five years.

The White Paper distributed on presenting the estimates on November 11 last also gives additional information. The current defence expenditures of $383 million are seventeen times the average expenditures during the ten years before the war, an increase believed to be much higher than in any other country.

9. Referring to the budgetary position, we are not in a position to give you details but you will no doubt be aware that our revenues will be lower next year both because of reduced economic activity and because our recent tax changes will be effective for the full year. On the other hand it will be difficult to effect any substantial reduction in total government expenditures apart from defence. Uncontrollable items such as debt services, statutory payments, payments to provinces represent today about three-quarters of total budget, reducing the field which may be affected by government policy. Another factor is that Canada probably spends a smaller proportion of its national budget on social security payments than most of the countries coming under the Treaty. Text Ends. Message Ends.

469. DEA/50030-C-40

Note du secrétaire par intérim du Cabinet pour le Comité sur les aspects économiques de la défense

Memorandum from Acting Secretary to Cabinet to Panel on the Economic Aspects of Defence

SECRET [Ottawa], January 18, 1950

NORTH ATLANTIC TREATY; DEFENCE FINANCIAL AND ECONOMIC COMMITTEE

1. The Canadian High Commissioner in the United Kingdom has reported fully, in his telegrams Nos. 56† and 90,† on the January 10th meeting of the Working Staff of the Financial and Economic Committee and has asked for further instructions as to the position the Canadian representatives should take at the next meeting of the Working Staff, scheduled for January 31st.

2. It will be recalled that the Working Staff is presently discussing their proposed programme of work for the next few months. The U.S. representative suggested a programme which involved a study of budgetary resources available in each country for defence purposes and the adoption of some formulae to permit the equitable distribution of defence effort among NAT countries.

3. When the matter was discussed in the Working Staff, the U.K. representative observed that the programme proposed by the U.S. raised important questions of policy and that it would be preferable to postpone the studies until further information was available from the military and supply organizations. However, as such information was not expected for some time, the U.K. were ready to proceed with some statistical studies and thought that these should be based on the assumption that defence expenditures in 1950-51 would be on the same scale as 1949-50, and that determination should be made of the ratios between expenditures, on the one hand, and population, total national budget, and national income, on the other.

4. All of the representatives, with the exception of the Belgian and Canadian, indicated that they would probably be prepared to go ahead with statistical studies as originally proposed or in some modified form. The Canadian representative, as instructed, opposed the conduct of statistical studies based on capabilities and suggested that a more practical approach would be to undertake the study based on defence needs, after these were determined.

5. No decision was reached, and the Chairman undertook to discuss the matter with individual representatives of other countries prior to the next meeting. During his discussion with the Canadian representative, he said that he had it in mind to prepare two papers for the next meeting, the first of which would be a resubmission of the projects originally proposed by the U.S., possibly rearranged somewhat. The second would consist of an interim programme containing such projects as the following:

(a) The submission to the Permanent Working Staff by each country of the defence estimates for the coming year.

(b) The determination of the relationship which the defence expenditure of each country bears to population, total budget, national income and any other relevant factors.

(c) The possible working out of financial arrangements which might be necessary to facilitate transfers of surpluses, either from stock or new production.

He also mentioned some of the considerations he had in mind in proposing this interim programme. He thought, for instance, that the studies would be useful to the Permanent Working Staff as a familiarization exercise and to the military and supply planners for guidance in their respective tasks; that the statistical exercise would provide an opportunity for low ratio countries to explain their position, and thus provide a basis, which was not now existing, for mutual assistance; and, that any discussions in the U.S. Congress of the defence estimates of NAT countries would not likely be more harmful if they were based on a Financial and Economic Committee statistical report than if they were undertaken independently.

6. If, in the light of the above, the meeting concludes that Canada can no longer resist the desire of the other countries to make some sort of comparative study, they may wish to consider such questions as:

(a) which of the proposals is more acceptable — the U.S. or U.K.

(b) what additional criteria to the ones proposed by the U.S. or U.K. should be included to put our defence expenditures on the fairest possible basis.

E.W.T. GILL

470. DEA/50030-C-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 129 Ottawa, January 29, 1950

SECRET. IMMEDIATE.

NORTH ATLANTIC DEFENCE FINANCIAL AND ECONOMIC COMMITTEE

Following from Heeney, Begins: We have now had two further meetings with Robertson, Clark, Drury, Foulkes and Pierce, at which we have discussed, in the light of your telegrams No. 56 of January 11† and No. 90 of January 14,† the various courses of action [A.E.] Ritchie might take at the next meeting of the Permanent Working Staff on January 31.

2. We still hold to our position expressed in our telegrams Nos. 32,† 33 and 34 of January 7 that a comparative study of defence expenditures, and particularly an attempt to compare defence expenditures of member countries on the basis of some arbitrary formula, would be unrealistic, probably politically objectionable and at best an unprofitable use of time. The criteria which apply to a national economy of one type do not necessarily apply with equal fairness to another. We therefore have no faith in the value of such an exercise, and we are not prepared to withdraw our objections of principle. We had also assumed that studies made by the Committee would not only relate to important practical subjects but also would be secret in nature and would not be used for such public relations purposes as those indicated by Mr. Breithut. We should, of course, wish it to be understood that any classified information supplied would be suitably protected.

3. While we should prefer to see the PWS undertake more practical studies, we recognize that the other members of the PWS, and presumably their Governments, are virtually committed to undertaking some sort of comparative study which will be carried out with or without our participation. As a member of the North Atlantic organization, we want to avoid any appearance of being uncooperative as this could be interpreted as motivated by a desire to escape from an exercise which might cause us some embarrassment.

4. At the next PWS meeting, Ritchie should repeat the points he made at the last meeting on January 10, based on our telegrams of January 7. He should then urge as an alternative course of study the desirability of tackling more immediate and practical problems. One problem which occurs to us as worth investigating is that of the financial barriers which stand in the way of transfers of military equipment among the European members; barriers which, we understand, impede transfers of military surpluses and stocks and are likely to hinder production. This is the sort of problem which we have always envisaged as the primary task of the Defence Financial and Economic Committee and its Working Staff. It might also be pointed

out that by February 15, Regional Planning Groups will have submitted to the Standing Group their lists of deficiencies and some of this information should be available in co-ordinated form even although it may not have been studied by the Military Production and Supply Board. In short, we do not, repeat not, feel that the PWS needs to embark on exercises of doubtful practical value in order to keep itself busy.

5. If, as is probable, other members will insist on proceeding with the study of comparative expenditures, Ritchie may make a further statement to the effect that, while not withdrawing our objections of principle, we could, of course, be willing to assist the study by providing information in regard to our own defence expenditures.

6. For your own information, what we have in mind is that these instructions should make it clear that, while maintaining for sound objective reasons that the study should be dropped or shelved in favour of more practical work, we wish to leave Ritchie a comparatively free hand to work in an individual capacity so that the study eventually produced will be as unobjectionable as possible. If the study is carried on, we should like Ritchie to endeavour to influence it in the direction of a straight-forward statistical analysis of each country's expenditures and financial problems relating to defence rather than in the direction of developing a formula which might be used for invidious comparisons.

7. We shall be commenting separately tomorrow Monday on the document circulated to the PWS by the Secretary, as reported in your telegram No. 154 of January 24,† and hope to be in a position to add further comments as to the categories of expenditures which we think should be included under the heading of "defence". Ends.

471. DEA/50030-C-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 336 Ottawa, March 13, 1950

SECRET

RE NORTH ATLANTIC FINANCIAL AND ECONOMIC COMMITTEE

Following from Deputy Minister of Finance, Begins: We are sending by airmail probably March 14, detailed list of expenditures with explanatory notes,† as requested in your telegrams 262† and 263.† The preparation of this information has involved much detailed work as well as decisions as to what should or should not be included in the material provided.

2. You will note on receiving the detailed tables that figures are supplied for various categories and items having different degrees of directness in their bearing

on defence. Some can be included in a total of defence expenditures with greater justification than others. Consequently we have not made a grand total of all these figures, but are providing them to you in detail to be used as suggested below.

3. You may submit as much of this material as you feel is appropriate in relation to what others are submitting, in order that Canadian expenditures for all defence purposes shall not be understated in relation to those of others. For the reason given in paragraph 5 below, we believe that Canadian expenditures for defence purposes should be broadly defined rather than narrowly defined in getting a proper comparison with other countries on a similar basis. We are endeavouring to supply detailed information that would be necessary for the inclusion of figures on as broad a basis as would seem practical. We are not familiar, however, with the lines that are being drawn in the material submitted by other countries and must depend on your judgment as to what details can and should properly be submitted.

4. As you know, we maintain our previous view that this whole exercise is undesirable and misleading. We find our views in this regard supported by the type of problem one gets into in trying to provide a detailed list of this kind, where there is much room for argument as to whether or not certain types of expenditures should be included as being primarily for defence purpose.

5. We believe it important to bring out Canada's problem of providing communication, transportation, and other services over its vast area and extensive coast line for defence as well as civilian requirements, and the necessity that exists to integrate these services for both defence and civilian needs in order to obtain maximum results from the resources available. The nature of these needs, the arrangements made to meet them, and the accounting practices in regard to them minimize the expenditures accounted for directly as defence.

6. We have not included under any categories expenditures covering post-war economic controls made necessary by the war, international loans and assistance to other countries, contributions to international organizations, expenditures for international broadcasting, or for the transfer and retraining of labour other than veterans following war. We have assumed that expenditures for these various purposes would not be included by the Committee in their studies on other countries, as no reference has been made to them in your message, unless they are understood to be included in war terminal charges, which we thought unlikely.

7. I am adding at the end of this telegram a summary of the figures being forwarded in detail. The list does not include any expenditures for agriculture, fisheries, forests, irrigation, land reclamation and flood control, public works, labour (except veteran vocational training), social security, health, or welfare. The departments under which the expenditures are made are given in the detailed list, and by reference to a copy of Estimates or Public Accounts you can determine those items that are included in whole or in part, and those that are omitted. Expenditures for corporations, boards, and agencies of the Crown are net after applying their revenues. Departmental expenditures are gross except in the case of the R.C.M.P. where revenue from provinces for policing on their account has been deducted. Operating revenue for the fiscal year ending March 1949 from those departmental activities included on a gross basis in the tables is roughly $1.8 million for National Defence,

$48,000 from Resources, Development and Surveys, and $4 million for transportation and communications. These amounts will be roughly representative of subsequent years for which expenditure figures or estimates are given.

8. The following is a summary of the figures being sent by mail, in thousands of dollars, and includes actual expenditures for 1948-49, estimated expenditures for the year 1949-50, now closing, and estimates requests of Parliament for 1950-51.

	1948-49	1949-50	1950-51
	$	$	$
(a) Direct Defence Expenditures	277,379	408,331	491,115
(b) Research and development contributing to defence	21,316	29,403	32,205
(c) Transportation and communication	83,610	110,489	127,496
(d) Royal Canadian Mounted Police, less provincial contribution	12,448	15,355	18,000
(e) Meteorological services	4,183	4,902	5,559
(f) Aids to navigation	8,550	13,094	15,041
(g) Pensions and other costs for veterans	277,884	237,320	222,419
(h) Miscellaneous war terminal charges, including interest on the national debt	472,976	445,688	425,901

9. Expenditures actually appropriated to the Department of Defence under Item (a) of the preceding paragraph for the three years are: $268,804; $378,093; $425,000. The additional amounts under Item (a) are from appropriations to other Departments which, however, might appropriately be chargeable to defence, e.g. Housing by Central Mortgage and Housing Corporation on behalf of National Defence: $60,000 for 1950-51.

472. DEA/50030-C-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 534 London, March 18, 1950

SECRET. IMPORTANT.

NORTH ATLANTIC DEFENCE FINANCIAL AND ECONOMIC COMMITTEE

1. The meeting of this Committee will be held on March 29th in London. Mr. Wilgress has been informed.[3]

2. It is intended that the United Kingdom Government should issue a routine press statement regarding the time and place of meeting some time after March 22nd. When issuing the brief press release United Kingdom officials propose to give informal guidance to the correspondents concerning the background of the Committee. In this informal guidance they will probably refer to the forthcoming meeting in somewhat the following terms:

[3] Dana Wilgress a assisté à la réunion des ministres des Finances au nom du ministre des Finances. Dana Wilgress attended the Finance Ministers' Meeting on behalf of the Minister of Finance.

"It may be expected that the agenda of the Finance Ministers will include a review of the progress made in the study of the financial and economic arrangements to meet the requirements of North Atlantic defence programmes. In particular, the Finance Ministers may be expected to consider the financial and economic effort involved in future plans for defence production required for the integrated defence of the North Atlantic area.

As already announced, the North Atlantic Defence Ministers will meet at The Hague on April 1st, and the conclusions of the Finance Ministers meeting in London on 29th March will therefore be available for the guidance of the Defence Ministers."

3. At Thursday's meeting of the Permanent Working Staff the following outline of an agenda for the Defence Financial and Economic Committee meeting was discussed:

(a) To review the reports of the PWS on the four work projects undertaken in accordance with the Committee's directive (these are of course the projects referred to in your telegram No. 198 of February 11th†)

(b) To consider the report of the PWS on the replies submitted in response to the United States questionnaire by those countries requesting United States assistance with their military production programmes (see document PWSNATDFEC(50)16† enclosed with our letter NATFEC 7 of March 1st†), together with the declaration which the Ministers of those countries are prepared to make regarding the expected increase in their defence production effort in 1950-52 compared with 1948.

(c) To consider what parts of the report and declaration mentioned at (b) above and possibly also of the reports mentioned at (a) might be made use of in the United States Congressional discussions.

(d) Any other business.

(e) To approve a press release for issuance after the meeting.

4. In connection with item (a) above the PWS intends to submit a report which will deal with the four projects in somewhat the following manner:

(a) *Current defence expenditures*. The report on this project will consist of a table giving the defence expenditure figures submitted by the various Governments. This table will be accompanied by a note pointing out that the classification of expenditure in the budgets of the various countries is by no means uniform and that the PWS is examining the question of defining "defence expenditures" applicable to the defence of the North Atlantic area. The only action which Ministers may be asked to take on the report concerning this project will probably be to record the preliminary conclusion that "a review of the budgetary estimates of total defence expenditures by the NAT countries as a whole suggests that budgetary resources available for (or to be devoted to) this purpose in the fiscal year 1950/51 are likely to exceed expenditures for the fiscal year 1949/50."

(b) *Financial and economic resources which could be made available for defence of the North Atlantic area*. The report will probably indicate that so far the work of the PWS related to this project has consisted largely of the preparation of the material to be discussed under item (b) of the agenda (which of course applies only to

those countries requesting United States assistance). In addition it will be indicated that certain suggestions have been made of the considerations which should be taken into account in estimating the resources which can be made available. The Belgian representative has suggested that the principal considerations are the budgetary and internal financial position, availability of manpower and means of production, and the availability of materials required or of foreign exchange needed to obtain such materials. The United States and Danish representatives have agreed that these considerations are relevant and have added the following one to the Belgian list:

"Savings achievable by reduction of expenditures in those parts of the defence budget not related to military production or mutual assistance."

The report will probably note that the PWS will continue work on this project and may note also that some delegations question the practicability of the project until advice concerning requirements has been received from the military and supply sides of the Organization.

(c) *Arrangements for financing transfers among the NAT countries.* The report on this project will summarize any suggestions which have been made. So far the only suggestions received are those from Norway and Belgium.

The Norwegian suggestion is expressed in the following rather vague terms:

"The Norwegian Government is of the opinion that structural deficits in the balance of payments of certain countries will have to be effectively covered under possible arrangements to be considered for transfer of military equipment among European member countries. Such arrangements must thus be dependent on specific dollar aid to finance structural payment deficits. Alternatively, one might contemplate a system with 'drawing rights' for one country based on 'conditional aid' to another member country analogous to the E.R.P. assistance practised until now as a supplement to the direct aid."

The equally vague Belgian suggestion (with which you will be familiar from our reports on earlier discussions in the Western Union Finance and Economic Committee) is that the financing of transfers should be assisted "by diverting a part — and a relatively small part — of United States aid to the creation of a common fund."

In the case of this project also, the report will probably note the doubts of certain delegations concerning its practicability until specific cases of necessary transfers have been produced by the military or supply sides of the Organization.

(d) *Formulae or criteria relating to the measurement of the economic burdens of defence.* The report will note the objections in principle which certain delegations (which would now appear to include Belgium as well as Denmark and Canada) had raised to this project. It will also summarize any specific suggestions which may have been made. The only suggestion so far received is that of the Norwegian representative who suggests that "the most suitable procedure would seem to be to use national income figures per capita", after deducting the amount "representing the minimum income necessary for covering the necessary needs of the individual". He suggests that if such criteria were to be adopted allowance should be made for the fact that "the inhabitants of some countries are forced to use a comparatively

large portion of their income to overcome the special climatic conditions with regard to housing, clothing, nutrition, etc., or to construct and maintain comparatively expensive communications." He proposes that the "statistical assessment" should be "on a progressive scale". He suggests that the general criterion should be supplemented with other criteria such as the following: Proportion of manpower employed in military forces on a man-year basis; the balance of payments position; the supply of materials available; the state of the economic recovery and long-term investment programmes. After listing these criteria he concludes with the unexceptionable observation that, "The Norwegian Government want to stress that far-reaching decisions with regard to the economic sacrifices of the countries cannot be made exclusively on the basis of figures and formulae. For the solution of practical problems in many fields it is important and quite necessary to consider all real economic elements involved."

5. Concerning item (b) in the outline agenda reported in paragraph 4 above, the report being prepared by the PWS will indicate for each of the European countries requesting United States assistance the expected budgetary expenditures on military production and the procurement of military supplies through 1952. In general these countries will indicate that they expect to spend at least as much per annum in 1951 and 1952 as in 1950. The declaration which the representatives of those countries will be asked to agree upon at the meeting on March 29th will probably include paragraphs along the following lines:

"The current year's estimated expenditure of the equivalent of 1,223 million dollars (for those countries requesting United States assistance) is an increase of 60 percent over the expenditures in 1948, before the signature of the North Atlantic Treaty. This constitutes a major measure of self-help in strengthening the mutual defences of the North Atlantic countries.

"With regard to future years, only the roughest estimate of expenditures in this category is possible. Clearly the scale of spending for military production (as for other defensive purposes) must depend on changing economic, political and military factors. The principle of first priority for economic recovery still stands. At the same time, each Government recognizes that it should do its utmost, within its economic and financial limitations, to improve the defensive strength of the North Atlantic countries. As planning develops within the framework of the North Atlantic Treaty, there will be continual reassessment of the ways in which resources may best be used.

"Subject to these uncertainties of the future, however, the NAT countries in Europe have examined the possibilities of future spending for defence production. Certain countries have been able to provide rough forecasts of their outlays. Others have not felt able to provide long-term estimates of expenditures maturing in conditions that cannot be predicted. They have, however, felt able to declare that, according to present intention and on present economic and military assumptions, the best estimate that can be made of the future prospects of defence production (including research and development) and procurement is that expenditures planned in 1950 will be continued on about the same scale in the following two years."

6. No papers have yet been drafted concerning items (c), (d) and (e) of the outlined agenda.

7. The PWS is to meet on the morning of Wednesday, March 22nd, to complete the preparation of the various papers required for the Committee meeting.

8. Our immediately following telegram indicates the different points on which it appears that guidance will be required before the PWS meeting and those on which guidance would seem necessary in connection with the meeting of the Full Committee.

473. DEA/50030-C-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 535 London, March 18, 1950

SECRET. IMPORTANT.

Reference paragraph 8 of our telegram No. 534, North Atlantic Defence Financial and Economic Committee.

1. The following are the points on which guidance would be appreciated before the meeting of the Permanent Working Staff at 10.30 a.m. Wednesday, March 22nd:

(a) Are there any objections to the press statement and informal guidance proposed by the United Kingdom?

(b) Is the outline of the agenda acceptable?

(c) What figure should be entered for Canada in the table to be included in the report on the first project under item (a) of the outline agenda?

(d) Is there any objection to the inclusion of a suggestion in the report on this project that the members of the D.F.E.C. should state that on the basis of a preliminary review defence expenditures are likely to be higher in the coming fiscal year than in the preceding year?

(e) What comments, if any, (additional to the general comments already made in your telegram No. 198 of February 11th†) do you wish to have included in the report on the other three projects under item (a) of the outline agenda, or on the rather vague suggestions so far made by other delegations concerning some of those projects?

2. Regarding the question at (c) above concerning the figures to be included for Canadian defence expenditures in 1950/51 and 1949/50 you will probably wish to have the following considerations in mind:

(a) It is not going to be possible before the meeting on March 29th to put the figures for the various countries on anything like a comparable basis and the report

will indicate that the question of a uniform definition of "defence expenditure" is being further examined by the PWS.

(b) Insofar as any comparisons are intended to be made at the forthcoming meeting of the DFEC, those comparisons are likely to be between one year and another and not so much between one country and another (although of course some persons either inside or outside DFEC may suggest comparisons between countries on the basis of the figures submitted.)

(c) There will probably be a request that these figures (either separately for each country or as an aggregate for the North Atlantic countries as a group) should be made available to the United States Congress and other interested legislatures either publicly or in executive session.

3. In the light of such factors as these you may wish to consider whether the figure for Canada should be that for the Department of National Defence alone, or whether it should be the amount identified in paragraph 8 of your telegram No. 336 of March 13th as "direct defence expenditures" (all of which would appear to be recognized by the other members of the PWS as readily admissible "defence expenditures"), or whether you desire us to secure such an increase in the figure for Canada as may be practicable in the short time available for discussion. In connection with the last possibility, it might be mentioned that the total for the United States will include various items from outside the Defence Department including atomic energy (which the Norwegians are also including but which the United Kingdom are excluding), the Coastguard, and Aeronautical Research. If you so desire, we could probably have the figure for Canada rendered more comparable with that for most of the other countries, even in the limited time available before the DFEC meeting, by bringing in all or part of the figures mentioned in your telegram No. 336 for research and development, and the RCMP (the latter on the ground that all of the European countries — except Norway and Denmark — are including the bulk of their gendarmerie). Without some further breakdown of the figures for transportation and communication, meteorological services and aids to navigation (which may be given in the detailed tables mentioned in your telegram which have not yet reached us) it would be difficult to have an allowance made for these items, particularly since the United States representative has taken the position that such items should be excluded. Some allowance might be made for pensions if you could indicate what part of the figure given in your telegram represents retirement pensions within the meaning of paragraph 3(IV) of our telegram No. 302 of February 18th.† Our own inclination is to suggest (particularly if the information is to be made public and if confusion is likely to arise concerning the relationship between these figures for Canada and those included in the estimates submitted to Parliament) that we should be content for the purpose of the first report on this project with the figure of 425 dollars million or 491 dollars million for Canadian defence expenditures in 1950/51 (and the comparable figure for 1949/50) accompanied by an indication in the report that differences of definition of "defence expenditures" remain to be reconciled leaving detailed adjustments of the figures for the various countries to be worked out at a later stage.

4. In connection with the meeting of the DFEC itself on March 29th, guidance is requested on the following additional points:

(a) What observations, if any, would you wish the Canadian representative to make concerning the report envisaged in item (b) of the outline agenda in paragraph 3 of our telegram No. 534?

(b) What is your attitude towards the use in United States Congressional discussions of any material regarding Canada which may be incorporated in the reports envisaged in item (a) of the outline agenda?

474. DEA/50030-C-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 393 Ottawa, March 21, 1950

NORTH ATLANTIC DEFENCE FINANCIAL AND ECONOMIC COMMITTEE

Following from Deputy Minister of Finance, Begins: Reference your telegrams No. 534 and No. 535 of March 18th and No. 547 of March 20th.†

2. Although it is realized that the additional production programmes of the European countries requesting United States assistance will form part of the Agenda, we have the feeling that the second sentence of the informal guidance, which the United Kingdom will give to the press, carries the implication that the Finance Ministers are willing and able to consider the financial and economic effect of future production plans, even before the integrated defence plans have been fully defined, but we would not press our objections if the others agree to the UK draft release.

3. We have no objections to the outline of the agenda proposed in paragraph 3 of your telegram No. 534.

4. On the substance of sub-paragraph (c) in the agenda outline, we feel that some reservations must be made about the wisdom of releasing the data and reports used or prepared by secret committees. We cannot help but feel that the work of the NAT committees will be impeded if publicity is given to their work. The possibility of embarrassment ought not to be overlooked if, as a result of such publicity, comparisons were made before Congress which by other NAT members were felt to be unfair. If it is the otherwise unanimous wish of the Committee that some publicity be approved, we would be prepared to accept this view provided that reasonable arrangements were made with us to first clear the material for release.

5. There does not seem to be any objection to the inclusion in the P.W.S. report of a suggestion that defence expenditures are likely to be higher in the coming fiscal year. The statement is correct for Canada.

6. Re the meeting of the D.F.E.C. on March 29th,

(a) We should not feel inclined to comment at length on the report envisaged in item (b) of the outline agenda.

(b) Our views on the use of any material regarding Canada before United States Congressional committees might be patterned on our comments in paragraph four above.

7. It is our opinion that the figure for Canada entered in the table to be included in the report on the first project under item (a) of the outline agenda should include all items that may be discussed on further review by the P.W.S. For the reasons stated in our telegram No. 336 of March 13th, we believe a broad definition of defence is necessary to show appropriately the expenditure of Canada for defence purposes, although we do not want to lead the parade in broadening the definition. Until a firm definition of defence is accepted by P.W.S., Canada should not prejudice its position by entering items covering too restricted a field. You should now have the detailed material supporting the figures in our telegram No. 336 and we believe on the basis of it you should secure such an increase in the figure for direct defence expenditures for Canada as in your judgment is practical in the light of Canadian conditions in comparison with those of other countries. Reductions may be made later, if necessary, after detailed review and agreement on a firm basis for determining defence expenditures in P.W.S. We believe, therefore, the figures entered for Canada should include in the light of the information in your telegram No. 534 all expenditures we have listed as direct defence expenditures, expenditures on atomic energy and on the R.C.M.P. The inclusion of the R.C.M.P. is strengthened as a result of inclusion of the Coast Guard Service by the United States as the R.C.M.P. performs along with other departments including the Department of Transport similar services for Canada. We believe, in addition, other items listed in the detailed memoranda forwarded to you might be included. In particular we draw to your attention those articles listed under Research and Development and if the whole of this item is not included consideration should be given to some of the items including National Research Council, Research and Development of Jet Engines and Aircraft, grants to Organizations for Development of Civil Aviation, Air Photography, Mapping and Geographical Bureau, and Hydrographic Surveys. We do not consider it advisable at this stage that all of the items listed under Transportation and Communication, Aids to Navigation and Meteorological Services be omitted and reiterate the emphasis we have placed in earlier memoranda on the integration of these services in Canada with services required for defence. This list might well be reduced on the basis of what other countries are including, particularly such items as the C.N.R. deficit, the T.C.A. deficit, the freight subsidies on eastern lines and capital expenditures for improved transportation facilities in the Maritimes, but we believe an effort should be made to include items for airways and airports and related activities, communication facilities, aids to navigation and meteorological services. The expenditure on aids to navigation we believe in part would cover similar services to that of the Coast Guard Service in the United States.

475. DEA/50030-C-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 573 London, March 22, 1950

SECRET. IMPORTANT.

Reference telegram No. 393 from Deputy Minister of Finance, March 21st, North Atlantic Defence Financial and Economic Committee.

1. At this morning's meeting the Permanent Working Staff agreed that the Canadian representative should be allowed to submit, for the purpose of the forthcoming meeting of the DFEC, figures for Canadian "defence and related expenditures" which would be reasonably comparable with those submitted by other representatives. Accordingly we have now submitted the following figures (in Canadian dollars) for inclusion in the report which is being made to the DFEC.

1948/49	$320 million
1949/50	$460 million
1950/51	$545 million.

2. These figures consist of the following items from the material reported in your telegram No. 336 of March 13th and your despatch No. 754 of March 15th†

(a) Direct defence expenditures

(b) RCMP, less provincial contribution

(c) Atomic research and development

(d) Jet aircraft research and development

(e) 50 per cent of the allowance for "surveys" in the section on research and development in the study accompanying despatch No. 754.

(f) 50 per cent of the allowance for airways, air ports, etc., indicated on the first sheet of the tables in the section on "transportation and communication" in the same study.

(g) 50 per cent of the allowance for "meteorological services" in that study.

(h) 50 per cent of the allowance for "aids to navigation" in the study.

3. No allowance has been made directly for railways, waterways, pensions and other expenditures for war veterans, or war terminal charges, since similar items were excluded from the other submissions (except in the case of the Netherlands which included some allowance for expenditures on war veterans).

4. The break-down of the totals for the various years has not been given to the PWS. Some redistribution of the allowance made for various items may be required, but generally it seems to us that the totals are on a fairly reasonable basis in comparison with the other countries and that their components can be defended when the time comes for any detailed discussion.

5. The report which will transmit the various figures to the DFEC will contain the following note:

"A review of these data by the Permanent Working Staff shows that the reported figures for total national defence and related expenditures do not include the same categories of expenditures for all participants. The Permanent Working Staff is actively engaged in the development of a uniform definition of national defence and related expenditure".

6. The following is the text of the statement which the PWS is recommending to the DFEC:

"The Committee note the increasing defence effort by the North Atlantic Treaty countries, which is reflected in an increase in their combined defence budgets. With particular reference to the fiscal year beginning 1950, although appropriations have not yet been voted in all cases by the Legislatures, the total budgetary resources available for this purpose are likely to exceed similar expenditures for the previous fiscal year. At the same time the work of the NATO in the coordination of military plans and of production or procurement activities should result in the increasingly efficient utilization of such budgetary resources as are made available."

7. At this morning's meeting of the PWS there was also some discussion on the question of action which the DFEC might take regarding the possible publication of some of the material contained in this report and in the other report concerning the NAT countries which may request United States assistance with their military production and procurement programmes. There was a general inclination (except on the part of the United States representative) to favour the publication of as little of the information as possible since anything that might be published could give rise to embarrassing questions and possible misunderstandings. It was left that Mr. Harriman would indicate to the DFEC what his views are on the question of publication in the light of the expected Congressional discussions regarding the Mutual Defence Assistance Act. According to the United States representative, Mr. Harriman is likely to suggest that the over-all totals (but not the figures for individual countries) in the two reports should be made public for possible use in an open session of the United States Congress. He will probably propose that he should be able to disclose at secret or executive sessions of Congressional Committees the figures in the reports regarding the individual countries (including those not requesting United States assistance as well as those seeking assistance). It was not clear whether Mr. Harriman would wish to have such figures attributed to the DFEC or whether he would be able merely to indicate that they were figures "which had been made available to the United States Government". It appeared, however, that he would probably want to say that the statistics had been assembled by the DFEC.

476. DEA/50030-C-40

Note de la Direction de liaison avec la Défense pour le sous-secrétaire d'État adjoint aux Affaires extérieures

Memorandum from Defence Liaison Division to Assistant Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], April 5, 1950

NORTH ATLANTIC DEFENCE AND FINANCE MEETINGS

You asked me for a note on my impressions of the North Atlantic meetings which I attended in The Hague and in London last week. The meetings of the Defence Committee, the Military Committee, and the Defence Financial and Economic Committee have, of course, been reported by Mr. Claxton and Mr. Wilgress and I shall not attempt to make any comprehensive statement of what was discussed and the results achieved, but confine myself to a few notes on the atmosphere of the meetings and some of the trends in thinking on North Atlantic matters which were more apparent in our private conversations than they were in the meetings themselves.

2. Although the Defence Committee, like the Military Committee meeting which preceded it, completed its agenda in about five hours, there was more real discussion than had taken place at either of the previous meetings of the Defence Committee in Washington and Paris. Mr. Louis Johnson had evidently been advised to tread more gently on the susceptibilities of his European colleagues, for on this occasion, he made few attempts to lay down the law or limit discussion, but presided with the air of a somewhat Olympian but benevolent pastor, well pleased with his flock who sang his (and each other's) praises and said "Amen" to all U.S. suggestions.

3. If the brevity of the meeting cannot be blamed on Mr. Johnson, neither can it altogether be explained by the excellent staff work that had preceded it in the Military Committee, the Standing Group and the Military Production and Supply Board. I suppose we should not be too depressed to be reminded that there is still a serious problem of confidence in implementing the North Atlantic Treaty, especially on the military side. At The Hague it was obvious that the Europeans still had at the back of their minds the fear that the United States and even the United Kingdom may not be wholly and irrevocably committed to an effective defence of Western Europe. On the other hand, the Americans for their part were still seriously concerned by the security risks involved in sharing vital information with the European members; while all the Ministers tacitly accepted the fact the defence plans they were approving would be more useful if they had some prospect of being financed within the economic resources of the North Atlantic area.

4. The "Medium Term Plan" which the Defence Ministers approved at The Hague sets forth in detail the forces considered essential for the effective defence of the North Atlantic area by July 1, 1954 — the date by which the Soviet Union may be capable of launching a major atomic attack. There has as yet been no decision as to how those forces should be financed, raised, or allocated as between

regions and countries. The plan, as it stands, simply says what target would be required to act in accordance with the strategic concept approved by the previous meeting of the Defence Committee in Paris last December, and subsequently approved by the Council in January.

Finance

5. It was assumed in the Defence Committee discussion of the plan that there was no prospect of the North Atlantic community being able to afford, in peacetime, anything so ambitious as a plan calling for forces of the order of 90 divisions. The Finance Ministers, meeting in London three days before the Defence Committee, had faced the same problems more realistically; they approved a request to the Defence Committee asking it to make an estimate of the cost of the military plan. The Defence Ministers, in turn, decided at their meeting, that while they would comply with the Finance Ministers' request, they would like the Finance Committee to examine, without waiting for a detailed estimate, what additional financial and economic resources might be tapped in the North Atlantic community, to enable more adequate forces to be built up. Both the Finance Ministers and the Defence Ministers knew when they met that the Western Union Finance and Economic Committee had already estimated that the military plan for their region (calling for 35 divisions) would cost about $8 billion more than their total budgets for defence, plus U.S. aid up to June 30 of this year. When we remember that the total of all defence budgets of the European signatories of the Treaty for this year will come to only $5 billion, the Western Union deficit clearly cannot be met without sacrificing the economic recovery and health of the member countries. North Atlantic planning, calling for an army of 90 divisions (and naval and air forces on the same scale) might raise the deficit to something like $15 billion or more. In other words, the military plan approved by the Defence Ministers is not one which they expect can ever be put fully into effect, but was approved rather as a target considered desirable for security regardless of its financial implications. During the next few months, the process of adjustment between defence and finance will go on internationally in much the same way as it takes place during budget discussions within each country, and in the meantime the build-up of balanced military forces can go forward in the right direction even though it cannot go as far or as fast as the military think it should for security.

6. Although the Finance Ministers will go through the motions of studying additional financial and economic potentialities, it was clear from both the finance and defence meetings that neither the United States nor the United Kingdom have any intention of increasing their budgets for North Atlantic defence. Some of the smaller countries may perhaps find an additional $100 or $200 among them, but the total budgetary resources for defence of the North Atlantic countries are likely to remain at about the present level of $20.5 billion per annum. This will mean a very substantial scaling down of the military plan approved at The Hague.

7. The U.S. Chiefs of Staff are apparently not as worried as their European colleagues by the realization that there will be big cuts in the military objectives. General Bradley told General Foulkes that there was a good deal of fat in the present plan and it could safely be trimmed.

Standardization

8. The Defence Committee not only approved the military plan, but also reviewed the work of the Military Production and Supply Board. One of the primary military objectives of the North Atlantic Treaty was, of course, to achieve a measure of standardization in the interests of economy and combat efficiency. General Clark, Chairman of the Canadian Joint Staff in London, summed up the progress in the field with the discouraging exaggeration that the North Atlantic countries "had not even standardized on their red tape!" The political, economic and commercial obstacles to standardization were illustrated at The Hague when it was found, for example, to be impossible to get agreement on the standardization on a common design for rifles and jeeps. In the case of rifles, the French have already started to make their own design and are not prepared to cut back production that is already under way. In the case of jeeps, the French wish to employ their own nationals and are, therefore, building additional production capacity although adequate idle capacity already exists in Northern Italy. Without substantial changes in tooling European factories, they could not manufacture models exactly on American standards. Even the question of spares for U.S. type equipment is causing difficulty and factory modifications to produce spares in Europe will have to be financed largely out of M.D.A.A. funds; but this is going to be done.

9. Speaking of commercial and economic barriers to standardization, Mr. Shinwell made a useful statement in the course of which he used a phrase which bears repetition. He said, "We have to consider the renunciation of at least a part of our *industrial sovereignty*." So long as we maintain it, he said, collective security, integration, and co-ordination of our North Atlantic efforts will suffer. We cannot, he added, go on producing where and what and when we like, but must be prepared to make sacrifices in the common interest. He did not, however, add that one of the best examples of failing to practice what he was preaching was unfortunately the establishment in the United Kingdom of picrite production facilities when idle capacity existed in Canada. Coming from the country that has kept the brakes on ECA moves for economic integration, the statement typified the fine expressions of faith without works that characterized most of the meetings.

10. Perhaps the most serious obstacle to standardization is security. The items of equipment which could, from the production point of view, most readily be standardized, are the new items; yet these are often the ones to which the greatest security is attached. The United States, United Kingdom, and Canadian Governments have been particularly reluctant to give the French and Portuguese highly classified information concerning research and development. Although Mr. Claxton was able to secure the agreement of Mr. Johnson and Mr. Shinwell to his previous invitation to the French to visit our anti-tank training establishments, there was very little progress in overcoming Anglo-American reluctance to make more information on weapons available to their European partners. European dissatisfaction with the state of affairs was calmly but firmly stated by Mr. Pleven, the French Defence Minister, in one of the few really frank statements made in the Defence Committee. In the course of his speech, Mr. Pleven said that he recognized that there were certain categories of information, such as atomic energy, which the European countries could not expect the United States to discuss with them, but

they did feel that if they were to bear the brunt of the fight, they should be given the latest information concerning the best available standard equipment for the ordinary soldier.

11. Mr. Johnson had been warned in advance of what Mr. Pleven would say and he immediately suggested that the Defence Ministers and Chiefs of Staff of the various countries should come to Washington and discuss the release of information which would facilitate standardization and the production in the European countries of the latest types of standard U.S. equipment: Mr. Johnson added that if the other Defence Ministers agreed, General Bradley might head a U.S. mission to pay a return visit to the European signatories at a later date and iron out any remaining difficulties. This suggestion came as a surprise to everyone including General Bradley and the other members of the U.S. delegation. At General Bradley's suggestion, the invitation was slightly amended after lunch to specify that the various Defence Ministers should come to Washington *separately*. The clear implication was, of course, that the United States authorities wished to be more frank with some delegations than with others, notably the Portuguese and to a lesser extent, the French. The reaction to this invitation was naturally tentative, but it was welcomed by all as the most practical means of advancing standardization and releasing the maximum amount of classified information to the greatest number of North Atlantic countries. The arrangement may, of course, virtually supersede our present Canada-U.S.-U.K. military standardization agreement, which had had most of its life knocked out of it by the recent Templer Mission to Washington, bypassing the Canadian Government.[4]

12. General Clark, on our side, was privately prepared to agree with what Mr. Pleven said. Admittedly, security risks would be involved, but surely, he thought, they had to be accepted as part of the larger calculated risk on which we had embarked when we signed the Treaty. If the Russians were to learn, through the French, for example, of the penetrating power of our latest anti-tank guns and mines which we have not yet given the French, it was clearly impossible for them to scrap their existing tanks, and altogether likely that they would be making their future models with heavier steel whether or not they had specific intelligence about our latest weapons. This was the sort of risk that General Clark thought we should take if we were to make the Treaty mean anything. (Incidentally, General Clark also told me that he had gone to the Heads of J.I.C. and J.I.B. in London and had been unable to confirm the statement, reported by Colonel Ménard[5] from Paris in February, to the effect that top secret information recently given to the French by

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[4] Le lieutenant-général sir Gerald Walter Robert Templer, vice-chef de l'état-major impérial (Royaume-Uni), a été envoyé à Washington en janvier 1950 pour négocier un accord bilatéral avec les États-Unis sur l'échange de renseignements militaires. Voir John Cloake, *Templer, Tiger of Malaya*, Londres : Harrap, 1985, pp. 179-180.
Lieutenant General Sir Gerald Walter Robert Templer, Vice-Chief of Imperial General Staff (United Kingdom), was sent to Washington in January 1950 to negotiate a bilateral agreement with the United States on the exchange of military information. See John Cloake, *Templer, Tiger of Malaya*, London: Harrap, 1985, pp. 179-180.

[5] Le colonel D. Ménard, attaché militaire en France.
Col. D. Ménard, Military Attaché in France.

the British had been reported by British agents in Moscow to have reached the Russians; this was apparently nothing more than loose talk by the British Military Attaché in Paris and indicated more about his attitude than the state of French security.)

13. Although there has as yet been little real progress towards standardization and although there is a natural tendency by Defence and Finance Committees each to wait upon action by the other some useful progress was made in the definition of military goals on the basis of which important decisions can be taken by each of the countries for the strengthening of their respective regions. The North Atlantic community now has at its disposal about 20 divisions, half of them ill-equipped. The Planners have concluded that by 1954 it will need 90 divisions in order to meet any Soviet attack that could be mounted by that time. The Defence Committee did not in any sense commit governments to the acceptance of the creation of 90 divisions by 1954, but, even if financial limitations prevent more than two-thirds of this goal being realized, a great achievement will have been accomplished, and, we may well hope, one that will be sufficiently impressive to deter aggression if by 1954 the Soviet Union is no longer so concerned by the threat of atomic retaliation as they are today.

14. The Standing Group will now have the task of making recommendations to regional planning groups as to how the forces (which they themselves have estimated as the requirements for the defence of their respective regions) should be raised and allocated as between the various countries of each region. Some of the countries have already expressed the hope privately that the Standing Group will take a more active part than heretofore in recommending to regions and governments the particular forces on which they should be laying special emphasis. The Dutch, for example, should probably cut their naval programme. This would be a very difficult political decision in a country with a proud and long naval tradition. Yet, it would be easier for the Dutch Government to cut back their naval programme and expand their army programme if they had a recommendation to do so from the Standing Group or their regional planning group. The fact is that the North Atlantic community already has nearly all the naval forces that it is estimated would be required by 1954, whereas, it only has, in aggregate about one-third of the air forces and one-fifth of the land forces needed.

15. In spite of the apparently enormous gap between the forces we think the North Atlantic area needs and the forces we have any hope of being able to pay for, there is every prospect of using North Atlantic machinery in order to make a much more efficient use of the defence dollar. On the production side, the Western Union countries have already made a good deal of progress in standardization on aircraft and have reached agreement to specialize in their construction — Belgium, for example, manufacturing Meteor engines, and The Netherlands the airframes. In the same way, the very considerable overheads of the various national forces may well be reduced by means of North Atlantic planning so that, on a large scale, the same sort of specialization may be achieved as has been reached under Western Union, again by the Netherlands and Belgium, the Netherlands maintaining most of the overhead in terms of headquarters staff and equipment for the land forces of both countries, while Belgium performs the same function for both air forces.

Confidence

16. Nevertheless, the problem of confidence remains; and without confidence in the validity of the military conception, the political benefits which have already accrued from the signing of the Treaty, may not be maintained and expanded into other fields. The military plan does not disclose the reserve which the United States and Canada may be expected to have available to re-enforce the land forces of the various European regions. Even within the more intimate Western Union circle, the United Kingdom Government has not yet committed more than token forces to the defence of her continental partners. The reluctance of the United States and the United Kingdom to commit themselves is partly uncertainty as to what the strategic position might be by 1954, and partly distrust of the security of the continental members. Further, both the U.K. and U.S. realize that the strategy of the war would be determined by the country which possessed the strategic reserves; if the U.K. has already committed her available forces in advance, she would have a less influential role in determining the strategy of the conflict. However, from the European point of view, the present attitude of the U.S. and U.K. military authorities cannot be very reassuring.

The Press

17. Press comment on The Hague meetings was not particularly helpful in establishing mutual confidence. The American papers reported that the question of bases in Spain had been raised. I understand that the U.S. and Portuguese did raise the question but naturally the only implication drawn by the French and others was that the U.S. Chiefs did not expect to be able to maintain a foothold on the continent of Europe north of the Pyrenees.

18. A good deal more harm was done by the mischievous and irresponsible A.P. report, filed as a pure guess, that there had been agreement of some sort to withhold information from Mr. Strachey;[6] Mr. Johnson's half-hearted denials did not help the situation very much, especially at a time when Congress is about to consider next year's military aid programme.

Regional Planning or Area Planning

19. In more general terms, it seemed to me that the military planning under the North Atlantic Treaty, by being kept in fairly watertight regional compartments is tending to create the same kind of difficulties between North America and Western Europe, and between the United Kingdom and the Continent, as the E.C.A. programme has encountered in pressing for European economic integration. The United States would like to see her European partners take more active steps towards military (as well as economic) integration, but they (and particularly the United Kingdom) cannot very well do so unless they are assured in quite unequivocal terms, that the United States is not going to maintain a semi-detached position of patron, guide and financier, but is going to be bound by the same sort of military commitments as she is urging upon her European partners. As Mr. Bevin has recently said, what is needed seems to be not so much Western European Union —

[6] John Strachey, secrétaire d'État à la Guerre du Royaume-Uni.
John Strachey, Secretary of State for War, United Kingdom.

in either an economic or a military sense — as Western (or North Atlantic) unity; and in this context, perhaps the most worrying statement to emerge from the meetings in The Hague was General Bradley's private remark to General Foulkes that he did not think we should count on a U.S. military aid programme being continued after the termination of E.R.P. in 1952.

20. Finally, I might add that so far as I was aware, neither the United States nor the other delegations displayed any impatience with Canada for not having made, as yet, any contribution under Article 3,[7] other than the fine gesture of offering to train 250 army and air personnel in Canada, which was very well received.[8] The official of the Netherlands Foreign Ministry for North Atlantic matters remarked somewhat wryly that both Canada and the Netherlands seemed to be dragging their feet on the North Atlantic, and two of the senior U.S. officials concerned with Supply Board work in London asked me what Canada was planning to do. Apart from these instances, I heard no expressions of dissatisfaction with what we are doing, or not doing.

The Outlook

21. Before the Council meets in May, some serious thinking will have to be done as to how the problem of confidence may be overcome. Anything will help that forges lasting links — economic, social and political, as well as military — between the North American and the European partners. On the basis of The Hague meetings, it does not seem likely that a higher proportion of decisions to paper produced can be achieved by tinkering with the military machinery; the present regional set-up is a symptom rather than a cause of the trouble; and a joint meeting of Finance and Defence Ministers, which was suggested at The Hague, would probably give rise to more expectations than actions.

22. Until the United States is committed to a military and economic aid programme for her North Atlantic partners until at least 1954, at an annual rate of about 3 billion or so, the security of the North Atlantic community will continue to rest more on political bluff than on military and economic strength. It seems fantastic for the U.S. and other military authorities to imagine, as some of them do, that the French can be expected to raise, virtually unaided after 1952, an army of fifty or sixty divisions, as they did thirty-five years ago at the peak of their power.

23. The military machinery now set in motion will enable the North Atlantic area to spend its defence dollar to better effect: but it is by no means certain that it will enable a community of more than twice the population and industrial resources of the Soviet Union to produce armed forces capable of defending itself effectively in the event of a Soviet attack by 1954.

24. As one delegate put it privately, "the cost of living everywhere has gone up: the cost of freedom has gone up too".

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[7] Aux termes de l'article 3 du Traité de l'Atlantique Nord, les parties doivent maintenir et développer leur capacité de résister à une attaque armée par « continuous and effective self-help and mutual aid ».
Under Article 3 of the North Atlantic Treaty, the parties are to maintain and develop their capacity to resist armed attack through "continuous and effective self-help and mutual aid".

[8] Voir le document 500./See Document 500.

477. DEA/50030-D-40

Note du sous-secrétaire d'État suppléant aux Affaires extérieures

Memorandum by Deputy Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], April 18, 1950

NORTH ATLANTIC DEFENCE AND FINANCE MEETINGS
COMMENTS ON MR. GEORGE'S MEMORANDUM OF APRIL 5, 1950

The "medium term plan" which the North Atlantic Defence Ministers approved at The Hague sets forth the forces considered essential for the effective defence of the North Atlantic area by July 1, 1954. Today the North Atlantic Community already has nearly all the naval forces required for this plan, but it has only about one-third of the air forces and one-fifth of the land forces required. At present the total expenditures of the North Atlantic Community on defence are about $20.5 billion a year. The total annual defence expenditures will have to be raised an unknown amount if the goal set in the medium term plan for 1954 is to be reached. By the end of this year it may be possible to make a rough estimate of how great the total increase would have to be. For purposes of our present thinking, we might reasonably take an increase of 25% to be necessary. This would mean an increase of $5 billion a year, of which $3 1/2 billion might come from North America and $1 1/2 billion from the United Kingdom and the Continent.

2. Mr. George reports that it was assumed in the Defence Committee discussions at The Hague that there was no prospect of the North Atlantic Community being able to afford defence expenditures large enough to reach the goal of the medium term plan by 1954. He refers in his report to the "apparently enormous gap between the forces we think the North Atlantic area needs and the forces we have any hope of being able to pay for".

3. It is clear that the nations which are members of the North Atlantic Community are "able" to pay for the minimum forces required in order to create and maintain an overwhelming preponderance of force against the Russians — which is the goal set by the Prime Minister for the North Atlantic Treaty. It is not a question of ability to pay for the defence expenditures but of willingness.

4. The discussion in the *Economist* for April 15 in the article entitled "The Mathematics of Security" is directly relevant. The argument in this article is that the right way to go about planning an effective defence policy, and an effective policy means one that prevents war from breaking out, is first to attempt an assessment of what is needed on a minimum basis without frills, and from that to deduce what the cost would be. It is consistent for a pacifist or a communist to say that a country or a group of allied countries cannot afford defence costs of this size. "But those who do not fall into either category, those who would vote the expenditure for a shooting war if matters went so far, are merely being purblind if they talk about not 'affording' enough defence expenditure to win the 'cold war'. They are, in effect, expressing a definite preference for infinitely higher expenditures at an early date. Even those who believe that the internal salvation of the British state depends upon a sharp reduction in the total of government expenditure must also believe, if they

can think straight, that an increase in defence expenditure is necessary to its external safety."

5. Perhaps by the end of this year the further studies of the medium term defence plan and of the costs of that plan may have gone far enough for a reasonably accurate estimate to be made of what increase in national defence budgets would be required to carry the medium term plan into effect. Mr. George, in his memorandum, reports that one suggestion made at The Hague was that there might at some stage be a "joint meeting of Finance and Defence Ministers". An alternative suggestion is that in about a year's time there might be a special meeting of the North Atlantic Council at which the members would be represented by their Prime Ministers, who would be accompanied by their Ministers of Foreign Affairs, Defence and Finance. At such a meeting it might be possible for the members of the North Atlantic Treaty Organization to reach agreement on the scale of total rearmament required and on a roughly equitable distribution of the resultant burden.

E. R[EID]

478. DEA/50030-B-40

Note du chef de la Direction de liaison avec la Défense pour le sous-secrétaire d'État suppléant aux Affaires extérieures

Memorandum from Head, Defence Liaison Division, to Deputy Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], April 19, 1950

YOUR MEMORANDUM OF APRIL 18 ON MR. GEORGE'S MEMORANDUM OF APRIL 5 CONCERNING THE NORTH ATLANTIC DEFENCE AND FINANCIAL MEETING

Attached is a memorandum from the Chiefs of Staff Committee with letter dated April 19 discussing the problems of defence planning to date.[9]

2. The memorandum points out that there is a great deal of duplication in the so-called "medium term plan" approved by the recent meeting of the Defence Committee. The memorandum notes that this so-called plan was arrived at by simply adding up the requirements of the regional plans, which were themselves unduly inflated. If this memorandum is sound, it would appear that by integration of forces and co-ordination of defence planning the total requirements are likely to be much less than those envisaged in the plan adopted by the Defence Committee. Rationalization of planning would involve serious limitations on the freedom of individual members of NATO to have the types of forces which they might desire for reasons of prestige. However, the gap between existing expenditures and expenditures required is probably much less than we have been assuming.

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[9] Note marginale:/Marginal note:
Not attached. C.S.A. R[itchie]

3. I wonder however if the military goal does not need re-defining. The "preponderance of force" might be deemed to mean more forces in being than the U.S.S.R., and if so would probably result in a long armaments race. On the other hand, a preponderance of force might be held to mean total power, which could include industrial and economic capacity. If this meaning is taken, NATO now has, clearly, a preponderance and could probably win out in a long war.[10] To win the cold war, what would appear to be needed is rather sufficient forces in being and sufficient co-ordination of these forces to make aggression by the U.S.S.R. seem immediately dangerous to it. If this is the goal, we would probably need substantially more forces in being and much closer co-ordination of planning than has so far been achieved.

4. I wonder if this is a point that should be developed for the Minister under the item on the agenda for review of the report of the Defence Financial and Economic Committee.[11]

R.A. M[ACKAY]

479. PCO

Extrait du procès-verbal d'une réunion du Comité du Cabinet sur la défense

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET [Ottawa], April 25, 1950

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VII. NORTH ATLANTIC TREATY ORGANIZATION; PROGRESS OF DEFENCE PLANNING

30. *The Minister of National Defence* stated that progress in North Atlantic Treaty organization planning had been made as regards production of a Medium Term Defence Plan, a security system, release of information, the organization of a permanent secretariat and certain requests to the Military Production and Supply Board and to the Defence Finance and Economic Committee. This progress, however, was in the main merely a production of documents. There was the possibility that the procedure now followed might, if continued, prevent the North Atlantic Treaty Organization from making further necessary progress. There was a considerable sense of frustration in both the Military and Defence Committees, which resulted from a procedure which had permitted little if any time for consideration

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[10] Note marginale:/Marginal note:
It seems to me that our goal must be *to win the cold war*. [or not to lose? R.A. MacKay]. Mr. St. Laurent sold the Treaty to the Canadian people as a treaty to preserve peace not as a treaty to win war; his argument was that our best means of averting war was to maintain a preponderance of force over the Russians so overwhelming that they would not risk an attack on us. This is the argument which he has constantly and consciously used. E. R[eid].

[11] Note marginale:/Marginal note:
Definitely yes. [Escott Reid]

and discussion. The programme of work had been greatly influenced by the timetable of the U.S. Congress and its discussions on the Mutual Defence Assistance Act.

The Medium Term Defence Plan was a conglomeration of plans which had not yet been fully integrated, resulting in the force requirements which had been added together to indicate the total N.A.T.O. force requirements. These requirements were even considered by U.S. authorities to be in excess of actual requirements and moreover to be impossible of attainment by 1954. The approval of an unrealistic plan including excessive force requirements impossible of attainment was being reflected in the work of other committees. Both the Military Production and Supply Board and the Defence Finance and Economic Committee had been asked to undertake projects with this unrealistic military plan as the basis. There was general uneasiness throughout the N.A.T.O. countries concerning the plan. Any suggestions to improve the present arrangements would undoubtedly be received with interest.

The security problem, which caused great aggravation among some of the N.A.T.O. countries, still remained to be solved. A frank agreement to exchange information in certain fields, such as hand weapons, operational procedures, motor vehicles, anti-tank weapons and communications, was an essential first step towards planning on a realistic basis.

In order to develop a sound realistic defence plan, the following steps, in order of priority, should be undertaken by the North Atlantic Treaty Organization:

(a) the solution of the security problem;

(b) a reorganization of the Standing Group so that it will be representative of the various groups, either through the present membership, by assuming responsibility for the individual regions, or, preferably, by the addition of other members so that each region may have its views adequately represented and ways and means of implementing the regional plans can be fully discussed and co-ordinated;

(c) the development of a fully integrated military plan which must be examined as to feasibility in the field of production and finance;

(d) the adjustment of the military plan necessitated by financial and production limitations imposed by the present and future capabilities of the member nations; and,

(e) the agreement of the respective governments for the development of the forces and the provision of equipment necessary to implement the finally accepted plan.

An explanatory memorandum was circulated.

(Military Secretary's memorandum, April 24, 1950 — Cabinet Document D247).†

31. *The Secretary of State for External Affairs* observed that the work now being carried out by the Defence Finance and Economic Committee on this unrealistic plan, with heavy force requirements, might lead to recriminations against Canada as a supplier country. For the Council now to give formal approval to the plan, might be a dangerous step as at a later date it might prove clear that the N.A.T.O. countries would not be able to provide the forces which had been formally agreed

to. It would seem more appropriate to avoid formal approval of the plan at this time and at the same time indicate some of the problems which were developing from its acceptance by the Military and Defence Committees.

32. *The Chief of the General Staff* stated that unless a military plan could be implemented it could not be considered as a plan. It was necessary that the responsibility for realistic planning be borne by regional groups and that regional group planning be related to the manpower and resources available in the respective regions. Equipment might be provided from outside, but the primary responsibility for the defence of a region must rest with the nations comprising that region.

33. *General Foulkes* suggested the desirability of reorganizing the Standing Group so that its members would be representative of the various regions. Only in this way could regional plans be truly integrated and a recommendation as to the overall plans of N.A.T.O. forces be developed.

34. *The Prime Minister* indicated that the psychological problem of changing the balance of the various national armed forces by arms was one which would require considerable study and finesse in recommendation.

35. *The Secretary to the Cabinet* stated that the present plan, which had been arrived at by the simple addition of the excessive individual regional group requirements, was a dangerous statement, which would be much more dangerous if there was a breach of security. The disparity between what the plan showed as necessary and the present strength would only encourage Russian aggression, and discourage the North Atlantic solidarity and determination.

36. *The Committee*, after further discussion, agreed that, if the circumstances made this possible and desirable, the recommendations of the Minister of National Defence should be discussed informally by the Secretary of State for External Affairs at the forthcoming North Atlantic Council meeting in London, with a view to a more realistic approach to defence planning and action by all agencies of the North Atlantic Treaty Organization.

W.R. WRIGHT
Secretary
J.D.B. SMITH
Brigadier,
Military Secretary

2e PARTIE/PART 2

RÉUNION DU CONSEIL DE L'ATLANTIQUE NORD
LONDRES, 15-19 MAI 1950
NORTH ATLANTIC COUNCIL MEETING
LONDON, MAY 15-19, 1950

480. C.E.W./Vol. 2150

Note du conseiller de l'ambassade aux États-Unis pour l'ambassadeur aux États-Unis

Memorandum from Counsellor, Embassy in United States, to Ambassador in United States

SECRET [Washington], March 13, 1950

ACTION UNDER ARTICLE 2 AND THE OTHER NON-MILITARY PROVISIONS OF THE NORTH ATLANTIC TREATY

I saw Mr. Reid while I was in Ottawa on this subject and was shown three Department papers none of which so far has been approved by the Minister. One summarized the views of Missions for the information of the Minister and concluded that the views expressed "varied widely" and did not make any specific suggestions how Article 2[12] might be used. This paper† which was prepared by Mr. Plumptre made specific reference to a talk which he had had with you reporting that in your opinion Article 2 should be regarded as a pledge which could be applied in promoting particular policies as well as general objectives which might be worked out between the signatories of the Pact.

2. The second paper† contained suggestions drawn up by Mr. Plumptre as to the line which the Canadian member might take at the meeting of the North Atlantic Council, now expected early in May. The suggestion was that the Canadian member might propose the setting up of an informal ad hoc group which would consider the following questions:

(a) Is it desirable to establish formal machinery immediately to implement Article 2, or is it preferable to use Article 2 as a statement of principles to guide the signatories in forming their economic policies, and to which each could appeal if it were felt that the action of others was inconsistent with these principles?

(b) If formal machinery were to be established under Article 2, could or should non-signatory countries take part?

(c) Bearing in mind (i) that E.C.A. Aid is tapering off, and (ii) that O.E.E.C. consists exclusively of European countries, and (iii) that it is of the utmost military

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[12] En vertu de l'article 2 du Traité de l'Atlantique Nord, les parties doivent renforcer leurs institutions politiques libres et harmoniser leurs relations économiques internationales afin de favoriser la stabilité et le bien-être.
Article 2 of the North Atlantic Treaty commits the parties to strengthening their free political institutions and to harmonizing their international economic relations in order to promote stability and well-being.

importance that signatory countries on the two sides of the Atlantic should not drift apart, are there any arrangements which should be planned under Article 2, to keep the signatories together?

Plumptre suggested that before taking up a proposal that these questions might be studied following the meeting of the North Atlantic Council, it would be desirable that the questions should be discussed with the United States and the United Kingdom either individually or through the tripartite machinery established in Washington.

3. The third paper† which I saw was a memorandum from Mr. Reid to the Minister suggesting that consideration be given to the Canadian member on the North Atlantic Council making a statement regarding the various possibilities of implementing the non-military provisions of the North Atlantic Treaty. Thus reference to Article 1 in which the parties pledge themselves "to settle any international disputes in which they may be involved by peaceful means in such a manner that international peace and security, and justice, are not endangered ...", might be used as a basis for reviewing the present dangerous relationship between the Soviet Union and the members of the Pact. Action on Article 2 might be considered in a number of different ways, such as the setting up of a permanent committee charged with specific responsibilities or by using the pledge of Article 2 for the purpose of working out joint agreed policies in the economic field to be implemented voluntarily and individually by each signatory. It might also be used to permit periodic discussions of economic problems in the North Atlantic Council with a view to their joint solution. Reference to Article 2 it is suggested by the Minister, might include the point that Canada had some misgivings about present trends, particularly the formation of a European bloc, and a statement of preference that some consideration be given to a "North Atlantic" approach to these problems.

4. Article 4 which provides that the parties "will consult together whenever, in the opinion of any of them, the territorial integrity, political independence or security of any of the Parties is threatened" might be employed for discussion of the present dangerous situation in Southeast Asia as well as other areas, in which the "security" of any of the Parties is particularly threatened by Communist aggression.

5. Mr. Reid left me with the impression that no attempt would be made to urge the establishment of any formal machinery at the next meeting of the North Atlantic Council. The Minister had expressed a desire to have the fullest possible consideration given to the line which he might take in the Council and every possibility was being explored. Mr. Reid said that he had read with interest our report of State Department views on the possible agenda for the Council meeting and hoped that further reports would follow. He thought that the Minister would probably express his views on the papers which had been submitted to him some time this week and a telegram would be sent to you indicating the particular lines of thought which the Minister wished to be explored with the State Department.

G[EORGE] I[GNATIEFF]

481. DEA/50030-A-40

Le sous-secrétaire d'État suppléant aux Affaires extérieures au secrétaire d'État aux Affaires extérieures

Deputy Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET Ottawa, March 31, 1950

Dear Mr. Pearson,

NORTH ATLANTIC COUNCIL MEETING

I enclose a set of working papers dated March 31 which have been prepared in the Department on the question of the agenda of the meeting of the North Atlantic Council which is expected to take place in London about May 15. An extra set of the papers is attached for Mr. Wrong and I have given Mr. Riddell a set. The titles of the papers are given on the cover page. I have called them "working papers" since there has not been time to bring them together in one memorandum and to eliminate any differences in emphasis or approach which may exist.

2. There are a few general considerations which I would like to mention to supplement what is contained in the papers.

3. We have from the beginning regarded the North Atlantic Treaty as providing the constitutional framework for a North Atlantic Community which has been in existence for many generations. The constitution is rudimentary but it has resulted in the creation of a principal constitutional organ for the North Atlantic Community — the North Atlantic Council.

4. The North Atlantic Council, like the constitutional organs of any national community, suffers from defects. Its members are of unequal calibre. The states which they represent vary greatly in size and in importance and, at least so far as Portugal is concerned, differ in certain fundamental characteristics. However, it is the only general organ which the North Atlantic Community possesses and, if we are to make progress towards our goal of a more united and stronger North Atlantic Community, there seems to be no alternative but to make the fullest possible use of this organ, imperfect as it is.

5. It is therefore all to the good that it has been decided that the Council, at its next meeting, should discuss some of the fundamental questions of foreign policy which affect all the members of the North Atlantic Community.

6. The Council in its first discussion of these fundamental questions will have to feel its way much as the meeting of Commonwealth Foreign Ministers at Colombo felt its way, and my guess is that the discussions in London will be somewhat similar to the discussions at Colombo both in their general characteristics and in the value to be derived from them. Each member of the Alliance will have an opportunity to learn more at first hand of the general approach of the other members to common problems and each member, after the meeting has taken place, will be in a better position to make its own decisions in the light of a greater understanding of

the aims and policies of the other members. This could be the beginning of a process, which you mentioned at Kingston in September 1948, of a pooling not only of risks and resources but also of control over policy.[13]

7. A discussion of this kind can serve two useful purposes. In the first place, it can help to disabuse people of the impression, which is still prevalent even in Canada, that the North Atlantic Treaty has done no more than to set up a military alliance, and that the obligations of members are not only purely military but are also confined to the North Atlantic area.

8. The obligations of the Treaty arise out of the first five articles. The obligations of the fifth article arise in the event of hostilities in the North Atlantic area. The obligations of the first four are in effect in peacetime and are not restricted to an area. So far, the Council has taken steps to implement only the obligations of Article 3. It has not taken steps to implement the obligations of Articles 1, 2 and 4. The longer there is delay in implementing the obligations of these three articles the more difficult it will be to persuade people that the Treaty is not merely a military alliance. Discussions at the Council of the items on the agenda suggested by the United States, the United Kingdom, the Netherlands and France will in itself be a measure of implementation of Articles 1, 2 and 4.

9. Perhaps the principal reason why it is important to emphasize now that the Treaty is more than a military alliance and that it has created a constitutional framework for the North Atlantic Community is that the crisis of the last few months has indicated that there is a growing and dangerous sense of frustration in the Western world arising out of a feeling that Western policy is a mere negative policy of containment. I have myself never liked the term "containment" and prefer the term which you have always used, and that is "the necessity of maintaining a preponderance of force" over the Russians and their potential allies — a preponderance of force made up of military, economic and moral factors, a preponderance great enough to persuade the Russians that if they attack us they will be overwhelmingly defeated.

10. Even this concept of maintaining a preponderance of force is, however, a negative concept and it would be better if we could in future speak rather of the positive task of increasing the strength, the prosperity, the freedom and the unity of the free world. The maintenance of a preponderance of force could then be put in proper perspective, not as an end of policy but as a method of giving the free world reasonable security from war so that we can go ahead with the positive tasks which we consider important.

11. If we are in for a long period of cold war, and it would be unwise to assume anything else, governments will have to ask their peoples over a long period to pay very heavy costs, not only in terms of defence appropriations and economic assistance but also of living in a constant atmosphere of tension. The willingness of people to pay these costs would be greater if they felt that they were making sacrifices not merely to defend themselves but also to accomplish the positive task of creating a free, prosperous and progressive society.

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[13] Voir/See Canada, Department of External Affairs, *Statements and Speeches*, 1948, No. 48.

12. The other main reason why a discussion of important questions of foreign affairs at the Council meeting in May could serve a useful purpose is that, as Anne O'Hare McCormick has pointed out in her column in the *New York Times* for last Wednesday, March 29, "unity in the West is unquestionably the pre-condition of any fruitful conversations with the East ... and not since the war have differences and irritations among the Western governments been as noticeable as they are now". It would clearly be dangerous to enter into important new conversations with the Russians until a much greater measure of agreement has been reached among the principal Western powers on the main questions which now divide them, such as European integration, German policy, relations with the Chinese Communist Government.

13. There will obviously be certain important subjects which, for one good reason or another, it would not be wise to discuss formally at a certain meeting of the North Atlantic Council. This does not, however, mean that a subject should be kept off the agenda merely because discussion of it would embarrass one of the members of the Council. If the Council is to discuss important questions of foreign policy, its discussions are bound at times to embarrass one or more members of the Council. That may, indeed, be the main purpose of the discussion.

14. I hope that one of the most useful discussions at the London meeting of the Council will be on psychological warfare. It might, for example, be possible to reach a general measure of agreement on the line which you have been following, and that is that we should stop attacking communism as such and direct our attacks on Russian imperialism and Chinese imperialism. It follows, I suggest, from this that we should not attack the satellite states but should attack their governments as quisling governments and sympathize with the satellite countries for having been reduced by the Russians to the status of colonies or conquered provinces.

15. This would be part of a general line of playing up Western democracy as being a liberating force in the world and Russian and Chinese imperialism as being an enslaving force. If we are to do this successfully, we must be sure that we emphasize positive concepts in our propaganda and not negative concepts. We should not, for example, say that all those who are against Stalin are for us, since that is purely negative, but we should say that all those who are in favour of building up the free world — whether they live in Czechoslovakia or India or France — are on our side.

16. One small but significant point on which I hope that we could all agree is that we would stop calling the local communist movements "left-wing movements" and the pro-communist factions of socialist parties "left-wing socialists". Every time we use these terms we are acting as effective agents of Russian propaganda. The point we should drive home is that communist parties are "reactionary parties" and pro-communist socialist parties are "reactionary so-called socialist parties".

17. If the French ever could be got to see this point, they would seat the Communist deputies alongside the most reactionary deputies of the right.

18. From our experience at the Colombo Conference, I suggest that the working party in Washington discuss not only the agenda of the meeting in London but also the physical arrangements for the meeting. The smaller the conference table, the

18. From our experience at the Colombo Conference, I suggest that the working party in Washington discuss not only the agenda of the meeting in London but also the physical arrangements for the meeting. The smaller the conference table, the fewer the people who are in the room, the more informal the atmosphere, the more likely is it that the discussions will be useful. I would suggest, for example, that the table at which the Foreign Ministers meet should be no larger than to seat comfortably fourteen people — the twelve Foreign Ministers and two secretaries or interpreters, and that each Foreign Minister be restricted to having three advisers in the room and that there be no other people in the room.

19. You might also wish to suggest that the first meeting be held in public for half an hour or an hour, and that the final meeting be held in public.

20. Since it is difficult to forecast how long the session of the Council might usefully last, might it not be wise to use some such formula as that used in the invitations to the Colombo Conference — e.g., that the session of the Council will begin on Monday morning, May 15, that it is hoped that it will conclude by Thursday afternoon, May 18, but that it is possible that the session may continue over Friday and perhaps Saturday.

Yours sincerely,
ESCOTT REID

[PIÈCE JOINTE/ENCLOSURE]

Documents de travail

Working Papers

SECRET Ottawa, March 31, 1950

NORTH ATLANTIC COUNCIL MEETING
MAY, 1950

A Summary of Departmental suggestions.
B Summary of suggestions from other countries.
C Article 2 of the Treaty.
D Use of United Nations and the specialized agencies.
E Psychological warfare.
F Germany.
G Non-military provisions of North Atlantic Treaty.

[PIÈCE JOINTE A/ENCLOSURE A]

Note du sous-secrétaire d'État suppléant aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Deputy Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET Ottawa, March 31, 1950

AGENDA FOR MEETING OF NORTH ATLANTIC COUNCIL

In accordance with your instructions some preliminary consideration has been given in the Department to items which the Canadian Government might suggest for inclusion in the Agenda of the Council meeting. You may wish to discuss these with Mr. Wrong in New York during the next few days. The following items are suggested:

Item 1 "Economic collaboration amongst the signatories and elimination of conflict in their international economic policies". You will notice that that item deliberately picks up the language of the second sentence of Article 2 reading as follows:

> "They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them".

Memorandum C suggests the lines along which discussion of Article 2 might initiated in the Council.

Item 2 "Methods by which the members of the North Atlantic Alliance which are also members of the United Nations can make more effective use of the machinery of the United Nations and the specialized agencies for purposes which are common to the Charter and to the North Atlantic Treaty". Memorandum D explains the purpose of this item.

Item 3 Proposal for the coordination of psychological warfare. The term "psychological warfare" is to be avoided and some such expression as the "exchange of information" to be preferred. A definite item has not been suggested for inclusion on the Agenda on this subject as it may be discussed under a number of general items which have already been proposed by other Governments. Memorandum E suggests the line which might be taken if you decide to raise this matter.

2. Proposals for items on the Agenda have already been put forward in the Working Group by the United Kingdom, United States, Netherlands and French representatives (see memorandum B). You will notice that these proposals are very general in character. A discussion of relations between the western democracies and the Soviet Union could take place under several of the items. More concrete questions such as the possibility of a new initiative in negotiation with the Soviet Union, the problem of Germany, or South East Asia might come up. The Working Group in its meetings next week will attempt to elucidate these broad general items further.

3. For reasons stated in the memorandum on the co-ordination of psychological warfare it is suggested that the fourth United Kingdom item "Possible measures to combat the Communist menace" should be revised by substituting for "Communist

menace" something like "Russian imperialism" or "the use of Communism as an instrument of Russian imperialism".

E. R[EID]

[PIÈCE JOINTE B/ENCLOSURE B]

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET Ottawa, March 31, 1950

PRELIMINARY PROPOSALS FOR INCLUSION IN THE AGENDA OF NORTH ATLANTIC COUNCIL MEETING IN MAY

The representatives of the United States, United Kingdom, the Netherlands, and France have each put forward on behalf of their respective countries a list of subjects for discussions at the meeting of the Working Group next week. It is hoped that these discussions will lead to an agreed agenda for the proposed Council meeting in May. Our Ambassador in Washington has forwarded the details of these four sets of proposals in teletype messages WA-730—March 27,† WA-736—March 28,† and WA-756—March 29.† These proposals, including our Ambassador's comments on the French list, are as follows:

1. *United States* (WA-730) (para. 5)

I. Review of progress in implementing Treaty in year since signature in light of world political developments as they affect security and well-being of members. Relating these developments in terms of the pact objectives of maintaining peace by building strength.

II. Discussion of means to be used in more vigorously promoting agreed pact objectives (especially in fields closer cooperation and mutual aid).

III. What should be the next steps in the development of the pact.

2. *United Kingdom* (WA-730) (para. 6)

I. General approval of strategic plans or concepts submitted by Defence Committee.

II. Development of North Atlantic Treaty Organization machinery.

III. Possible coordination of policy among North Atlantic Treaty Powers.

IV. Possible joint measures to combat the Communist menace.

3. *The Netherlands* (WA-736) (para. 3)

(a) The discussion of the question of mobilizing further material and moral means for the combat of Communism. (This seems to correspond roughly with item 2 of the United States proposals for the agenda and with item 4 of the United Kingdom proposal).

(b) The study of possible means of co-operation in the economic field after 1952. (This presumably relates to action under Article 2 of the Treaty).

4. *France* (WA-756) (para. 1 and para. 3)

1. Approbation des décisions prises par le Comité de Défense,

2. Aide mutuelle pour l'organisation de la défense militaire: résultats obtenus — prévisions,

3. Organisation de l'échange d'information concernant les problèmes politiques communs,

4. Création éventuelle d'un organisme chargé de coordonner les activités des comités existants,

5. Directives relatives à l'application de l'Article No. 2 du Pacte.

para.3

3. The first point in the French proposals — "the approval of the decisions of the Defence Committee" — is the same as the first point in the United Kingdom proposal (see paragraph 6 of my message WA-730). The second point — "mutual aid for the organization of military defence — review of the results obtained and consideration of plans for the future" — roughly corresponds to the second of the United States points (see paragraph 5 of my message WA-730). The third point — "the organization of the exchange of information concerning common political problems" — is similar to the United Kingdom third point (see paragraph 6 of my WA-730). The fourth point — "the eventual establishment of a body charged with the co-ordination of the activities of existing committees" is included in the more general language of the third of the United States points (see paragraph 5 of my message WA-730). This item apparently contemplates the possible establishment of a continuing body similar to the Brussels Permanent Commission. The idea of setting up such a body had previously been suggested by Mr. Perkins, Assistant Secretary for European Affairs, as reported in my message WA-624 of March 15th.† The fifth item relating to Article 2 has, of course, a longer history, but more recently was mentioned as one of the points favoured by the Netherlands Government for discussion (see paragraph 3 of my message WA-736).

C.S.A. RITCHIE

[PIÈCE JOINTE C/ENCLOSURE C]

Note du sous-secrétaire d'État suppléant aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Deputy Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], March 30, 1950

AGENDA FOR NORTH ATLANTIC COUNCIL MEETING IN MAY; DISCUSSION OF ARTICLE 2

It is suggested that you should discuss this matter with Mr. Wrong in New York during the next few days. Separate memoranda are being prepared on other items proposed for the Agenda.

2. A statement is being prepared in the Department which you might give at the Council meeting. This statement follows lines which you have already approved:

(a) You might open with a general discussion of the importance of keeping Europe and North America from drifting apart economically. This is a constant danger because of the dollar shortage in Europe and the restrictions that European countries have to impose on their imports from North America.

(b) You might then lead into some discussion of Canadian misgivings regarding some of the more extreme forms of European integration. Some isolationist tendencies seem to have developed in Europe and to have received some support from certain quarters in the United States.

(c) You might possibly want to make some reference to the first sentence of Article 2 which reads as follows: "The Parties will contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding of the principles upon which these institutions are founded, and by promoting conditions of stability and well-being."

(d) You might discuss a number of alternative forms of "implementing" Article 2 of the Treaty. These forms might include the following:

(i) A permanent formal committee might be set up and charged with specific responsibilities.

(ii) The Article might be considered as a general commitment of the signatories needing no machinery for its implementation; the signatories might act voluntarily and individually in accordance with its terms, using it only as a principle to which any one of the signatories might appeal if the behaviour of another appeared to contravene it.

(iii) The Article might be implemented by periodic discussions in the Council of common economic problems with a view to joint solution.

3. If discussions in the Council go favourably you might suggest that the question of implementing Article 2 should be referred out of the Council for further study. Either the Working Group or an Ad Hoc Group of Experts might present a report to a later meeting. This report might be based on the following specific questions among others:

(i) What form should implementation take?

(ii) Should certain non-signatory countries be invited to take some part?

(iii) Even if no formal machinery is set up immediately, is it desirable to make plans for collaboration looking beyond 1952?

You may decide that you want to put an item on the Agenda for the Council Meeting on this subject. If so, I suggest the following:

"Economic Collaboration Amongst the Signatories and the Elimination of Conflict in their International Economic Policies."

You will notice that this item deliberately picks up the language of the second sentence of Article 2, reading as follows: "They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them."

4. The Netherlands is putting forward a somewhat similar item, reading as follows:

"The Study of Possible Means of Cooperation in the Economic Field after 1952".

It seems undesirable to limit the study of cooperation to what may take place after 1952.

5. You will no doubt want to discuss with Mr. Wrong the contents of your proposed statement to the Council, and to suggest that further discussion after the Council should go on in the Working Group or some group of experts. In addition you might ask him whether your proposals should be discussed in some detail in advance with the United States and the United Kingdom and, if so, whether this should be done under Tripartite auspices.

E. R[EID]

[PIÈCE JOINTE D/ENCLOSURE D]

Note du sous-secrétaire d'État suppléant aux Affaires extérieures

Memorandum by Deputy Under-Secretary of State for External Affairs

SECRET [Ottawa], March 30, 1950

AGENDA FOR THE NORTH ATLANTIC COUNCIL MEETING

For a number of reasons, it would be desirable if a discussion could take place in the Council of the North Atlantic Alliance on the general question of relations with the Soviet Union and of policy in the Far East. In regard to the first of these topics, there are evidences of perplexity and misunderstanding concerning the United States policy amongst other members of the Alliance, and in regard to the second there are serious divergencies in policy which, although they may not need to be removed, should at least be fully comprehended by all members of the group. There are, however, obvious objections to placing either of these topics on the agenda directly and specifically. The Government of the United States has recently taken a firm line in public in regard to the question of a new approach to the Soviet Union, and a discussion in the North Atlantic Council of this topic might prove embarrassing to the participants. In regard to the Far East, there would be valid objections to placing on the agenda of the North Atlantic Council an item referring to that area, because other important states which are not members of the North Atlantic Council have a primary interest in the area. It would, for example, be difficult for the United Kingdom and the United States governments to explain to the Australian and Indian governments why they had consented to a discussion of Far Eastern affairs in a Council in which those states were not represented. For these reasons, it might be preferable to approach a general discussion of relations with the Soviet Union or policy in the Far East indirectly, and with this consideration in view, it is suggested that a topic be included on the agenda in the following terms: "Methods by which the members of the North Atlantic Alliance which are also members of the United Nations can make more effective use of the machinery of the United

Nations and the specialized agencies for purposes which are common to the Charter and the North Atlantic Treaty".

A discussion as suggested of policy in regard to the United Nations would lead directly into a consideration of the representation of China at the United Nations, and, indirectly, to discussions of the recognition of the new Chinese government and other Far Eastern questions. It would lead also into a discussion of policy to be adopted in regard to the Soviet Union, once Soviet Delegations have returned to United Nations meetings. Consideration could then be given to the question whether some agency of the United Nations, or some body specially summoned for the purpose, would be the most useful channel for a new approach to the Soviet Union, assuming that such an approach was desirable.

It might be objected that a group of members of the United Nations should not enter into a private discussion of their policies in regard to that organization. Alternatively, objection might be made to a discussion of United Nations matters in a group which includes two states that are not members of the United Nations. There are, however, numerous precedents for informal discussions amongst groups of members of the United Nations in regard to United Nations policy. A discussion in the North Atlantic Council of United Nations matters would, moreover, have the effect of underlining the fact that the North Atlantic Alliance is a regional group within the United Nations. As far as the Italians and Portuguese are concerned, the other members of the North Atlantic Council would gladly have them as members of the United Nations immediately if that were possible, and there should be no objection to discussing in their presence the best methods of making effective use of United Nations machinery.

[ESCOTT REID]

[PIÈCE JOINTE E/ENCLOSURE E]

Note du sous-secrétaire d'État suppléant aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Deputy Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], March 30, 1950

RE PSYCHOLOGICAL WARFARE AND RELATED SUBJECTS

It would be possible to discuss psychological warfare at the North Atlantic Council meetings under Item II of the tentative agenda proposed by the United States representative on the Working Committee ("Discussion of means to be used in more vigorously promoting agreed pact objectives"); under Item IV of the tentative agenda suggested by the United Kingdom representative ("Possible joint measures to combat the Communist menace"); and under the Netherlands proposal ("The discussion of the question of mobilizing further material and moral means for the combat of Communism").

It was thought that, at the Council meeting, you might raise the matter whether or not it is specifically mentioned in the agenda. You might suggest that, in their

propaganda directed toward the U.S.S.R. and the satellites, including China, the signatory countries,

(a) co-ordinate the timing of their broadcasts, and the frequencies, with a view to maximizing the barrage of transmitters seeking to penetrate the "jamming" curtain and to avoiding interference with one another; (The B.B.C. and the Voice of America are already doing this.)

(b) by stressing accounts of social services, show that the democratic powers have been able to make provisions for the economic security of their citizens without robbing them of their freedom;

(c) play down issues on which they are divided, e.g., recognition of China;

(d) stress issues on which they present a united front.

You might also suggest, as a very practical measure, that they exchange information on the main lines that they are pursuing in their propaganda directed towards the trans-curtain countries and Germany. Such exchanges would enable them to reduce to a minimum the area of inconsistency in their propaganda.

In the cold war, as in a shooting war, every effort should be made to weaken the enemy in relation to our own strength. It follows that we should try to build up the morale of our own side as well as destroy that of the potential enemy. Accordingly, it might be suggested to the signatory powers that they build up a concept of the North Atlantic community among their own peoples by stressing the spiritual heritage of Western civilization which they all possess in common: the whole catalogue of human rights, which are denied in the Russian-dominated countries; and the fundamental belief that the state is made for man, not man for the state. These are the things that the North Atlantic Treaty is designed to preserve.

Finally, you might suggest that people stop talking about Communism, and indeed thinking of it, as the principal threat to our institutions: we should unceasingly label Communism as the fifth column of Russian imperialism. If we do this, it should have a salutary effect on the peoples of our own countries and on the peoples of the satellite countries, Germany, and other countries where there is confusion of thought.

As regards the handling of psychological warfare in the Department, the difficulty is that we have never been able to assign a single officer to devote all his time to it. We are, however, about to begin to give some effective policy guidance to the International Service of the Canadian Broadcasting Corporation.[14] I shall let you have a report on this matter next week.

E. R[EID]

[14] Voir le document 993./See Document 993.

[PIÈCE JOINTE F/ENCLOSURE F]

Note du sous-secrétaire d'État suppléant aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Deputy Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], March 31, 1950

ATLANTIC COUNCIL — GERMANY

Under any general item on the agenda of the Atlantic Council which involves consideration of the relations between the Western world and Russia, the question of Germany will almost certainly arise. We have, therefore, given some thought in the Department to what views you might wish to put forward.

2. Our interest in Germany is of course similar to that of other middle power participants in the last war and we have continued to hope that the time might come when it would be possible for us to take an active part in a final German settlement.

3. That time is likely to be long in arriving, but the situation in Germany has not grown to be of any less moment to Canada and the west, rather the contrary, and yet little or no attention has been given to the subject in Canada. For this reason amongst others it might be useful to raise the matter at the Council.

4. Our immediate interest arises out of our commitments under the North Atlantic Treaty, which, while the occupation of Germany lasts, includes part of that country in the defence area of the Pact (Article 6). This therefore makes the settlement of Germany of direct concern to the signatories of the Pact. Moreover, it is in Germany perhaps that there are to be found issues of trade and political and administrative relationships on which some approach might be made to the whole problem of relations between the West and the Russian bloc.

5. In the paragraphs that follow the argument has been limited to the main principles of a fresh approach to the German problem which the western countries might discuss. No formal responsibility of the Council for the German settlement is suggested, nor is it implied in any way that the Allied High Commission in Germany can or should be held answerable to the Council for its policies.

6. The justification for raising the matter in the Council is the legal responsibility of its members under the Pact, the persistent and aggressive impact of Russian policy in the Eastern Zone on the German Federal Republic and the rest of Europe, and the desirability of having the countries of the west examine the problem even in its most general terms from common ground.

7. Ultimately if a collective attitude towards Germany were conceived in the west, the basic aim to bring that country into harmony and organic relationship with western democracy would become a more practicable one.

Proposals for a German Policy

8. It is our opinion that the western policy in Germany should pursue three objectives:

(a) to bring as much of Germany as possible into a Western European community;

(b) to strive for the reunification of Germany by preparing the ground now and by refraining from acts likely to make reunification more difficult;

(c) to strive for a four-power *modus vivendi* in Germany.

9. The first and second objectives are hardly separable. The Western Germans will not become whole-hearted members of the democratic community if it means perpetuating the present division of their country.

10. Again, no real progress can be made toward unity unless there is a four-power *modus vivendi.*

11. Briefly, our proposal is that the Western occupying powers should encourage the Western Germans to meet Eastern German representatives and eliminate conflicting administrative and legislative practices which have grown up on either side of the Elbe; as, for example, in such elementary matters as drafting, format of regulations, nomenclature, etc. This unscrambling of the egg would, of course, be essential before reunion would be possible. It would, if successful, result in agreements which could be embodied in a common constitution.

12. The representatives of the Federal Republic would only be competent to discuss those subjects which are within the German government's jurisdiction under the Occupation Statute and would naturally have to refer agreed recommendations back to Bonn for implementation under the Basic Law and the Occupation Statute.

17. The Western occupying powers might at the same time offer to meet the U.S.S.R. with a view to bringing legislative and administrative practices on the occupation level into conformity.

14. We realize that the U.S.S.R. has often shown it is unwilling to take any action to bring about German unity on any basis other than under Soviet domination. We do not imagine that the Soviet objectives in Germany have changed but, the U.S.S.R. is deeply committed to the cause of German unity, and would find it very awkward to reject proposals of this limited nature which are intended only as the necessary first steps towards unity. A Soviet rejection of this plan would therefore have a salutary effect on most Germans.

15. Should these conversations take place, the occupying powers could not take any action to prejudice the cause of German unity. But, we believe, it is going to be increasingly difficult to take this sort of action anyway, at least until the anti-German character of Soviet plans for national unity have been exposed.

16. This unavoidable restriction on Western freedom of action raises the greatest difficulty where the integration of Germany with Western Europe is concerned. It is assumed that present steps in this direction must continue. At the same time, we will have to avoid laying ourselves open to the charge that we are asking the Germans to choose between Western association and national unity. In any European organization in which the Germans are to take part special consideration should be given to the need of the Federal Republic to keep in touch with Eastern Germany, particularly in trade matters. In our view this need for special consideration would only disappear if the authorities in Eastern Germany rejected the over-

tures we are suggesting or if the talks broke down. It is to be hoped that in either event it could be made clear that, in the circumstances, German unity would only be accepted by the Communists under Soviet domination. The Western powers could then press on with the integration and strengthening of Western Europe after which it might be possible to revive the negotiations with more chance of success. Special precautions must, of course, be taken to see that Germany is not able to dominate Western Europe. It would be disastrous if, when the continent has regained its strength, the Germans are able to involve the Western world in a war of German unification.

17. This approach to the German problem is not an easy one and we do not wish to minimize the dangers of giving the Russians the chance to make propaganda without concessions. Nevertheless, we believe that neither the Western world nor the Germans of western outlook can be expected to write off Eastern Germany without first making a determined effort to bring all of Germany into the Western camp. The present suggestion is intended only to clear the way for unification as a more comprehensive scheme would undoubtedly be rejected as an imperialist plot to capture all of Germany. The present proposal could not invite such a charge. Its rejection by the U.S.S.R. would do much to remove any doubt about Soviet intentions in Germany and give the Western powers wider support and greater freedom of action in bringing Western Germany into the European community. If accepted by the U.S.S.R. the German talks would afford an opportunity to appeal to the Eastern Germans in a manner that might, for example, affect the October elections, disrupt the National Front and even encourage potential Titoists to break with the Kremlin.

18. Should the U.S.S.R. attempt to meet this modest plan with a more grandiose proposal for a peace conference, the West could reject it on the grounds that the suggestion was intended as a necessary preliminary to a general settlement and if no agreement could be reached in this limited field there would be no point in embarking on discussions of more contentious issues. If the U.S.S.R. accepted this proposal and substantial agreements were reached, the Western powers could then consider the other problems of a general settlement.

E. R[EID]

482. PCO/Vol.156

Note du secrétaire adjoint du Cabinet pour le secrétaire du Cabinet

Memorandum from Assistant Secretary to Cabinet to Secretary to Cabinet

SECRET Ottawa, April 4, 1950

MR. REID'S MEMORANDUM CONCERNING A PROPOSED CANADIAN STATEMENT ON ARTICLE 2 OF THE N.A.T.

I note from Mr. Reid's memorandum of March 30 that he thinks Mr. Pearson might, in his statement at the meeting of the N.A.T. Council in New York, say

something about "Canadian misgivings regarding some of the more extreme forms of European integration". I do not know whether Mr. Reid or Mr. Pearson will have seen Mr. Howe's remarks in the House of Commons of March 31. I suppose that Mr. Howe's remarks do not need to restrain our expressions of misgiving about "the more extreme forms" that integration might take but many of the doubts we had expressed thus far had been related to E.P.U. and it has now been given a fairly authoritative blessing.

The relevant portion of Mr. Howe's remarks concerning E.P.U. is as follows:

"The objective is a program that will make the pound and European currencies freely convertible. You might take the offhand view that this will mean a European bloc, and that trade with America will be influenced adversely. I do not agree with that view. I put that hypothesis before the officials in Paris and it seemed to me that their answers were satisfactory. They seem to have provided safeguards against inflation, and for preventing that market getting out of balance with our own market. It seemed to me that they had satisfactory answers to the questions that I asked in that regard; and I came away convinced that such an arrangement is a logical first step toward the return of convertibility of currencies throughout the world". (*Hansard*, March 31, 1950, page 1433).

R.G. R[OBERTSON]

483. DEA/50030-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-816 Washington, April 7, 1950

SECRET. IMPORTANT.

PREPARATIONS FOR THE NEXT MEETING OF THE NORTH ATLANTIC COUNCIL

1. Perkins, as Chairman of the Working Group, opened the discussion by saying that all Governments concerned have now agreed to a meeting in London and invited the concurrence of the Governments represented to the date of May 15th. He suggested that the meetings would probably have to continue on the 16th and the 17th of May. He then distributed the revised proposals for an agenda, text of which was forwarded to you in my teletype message WA-806 of April 6th.†

2. Ignatieff raised the question of what publicity was to be given to the agenda as well as to the proceedings of the Council. Perkins expressed the view of the State Department that, provisionally, they were thinking of a statement being issued at the beginning of the Council meeting which would indicate in general terms the type of matters which would be discussed. He did not think that it was a good idea that a precedent be established that the agenda of the Council should be released to the press. He also expressed the opinion that it might be useful to have the Council

start with a meeting which would be open to the press and photographers and at which Foreign Ministers might make statements for the record. He thought that it might be left to the Foreign Ministers to decide whether they would like to close with an open meeting or not. There was some comment on the question of publicity from other representatives. The United Kingdom representative made the comment that an open meeting would consume valuable time and thought that perhaps some public ceremony at the conclusion of the business would suffice. Representatives undertook to consult their Governments on the question of publicity procedure. Perkins gave considerable support during the course of the discussion of the question of publicity to our suggestion that proper provision should be made for publicity on the grounds that, in the public mind, there had been too much emphasis on the military activities of the North Atlantic Treaty and that this Council meeting would provide an opportunity of emphasizing the role of the North Atlantic Treaty as an instrument of peace.

3. The discussion on the items proposed in the revised agenda submitted by the United States proved to be even more tentative than had been expected. Apart from the revised document put forward by the United States, no new proposals for agenda items were put forward by any representatives apart from ourselves. As a discussion of political warfare and of economic collaboration under Article II was already provided for in the language of sub paragraphs 3(B) and (C) of the text already referred to, we did not put forward any proposals for new headings but only mentioned that we would be interested in having these subjects discussed. Ignatieff did mention, however, that we would like to have a discussion on Germany and on the United Nations and submitted suggested headings as a basis of discussion of these two points as follows:

Germany — Report of the Foreign Ministers of the Occupying Powers in Germany.

United Nations — Methods by which the signatories of the North Atlantic Treaty which are also signatories of the United Nations Charter might make more effective use of the machinery of the United Nations for the purposes which are common to the Charter and the North Atlantic Treaty.

4. Perkins observed that there had been some thinking in the State Department on the possibility of including discussions of these two topics but no decision had yet been reached. Some other representatives merely indicated that they would consult their Governments. Perkins suggested that perhaps the most appropriate way of handling discussions of topics such as these would be to include them under the "review of world political developments" which would lead to an exchange of views between the Foreign Ministers. He also suggested that Governments, upon further consideration, might wish to suggest other topics, although he hoped that the review would not be too extensive — otherwise no particular subject would be covered with any degree of thoroughness. He also suggested that the Working Group might prepare a commentary on the various items on the agenda. In the commentary on the "review of world political developments" mention might be made of topics such as Germany and the United Nations if it were agreed that these would be discussed by the Foreign Ministers.

5. There was little discussion on the other main items on the United States proposed agenda. On "the review of progress in implementing the North Atlantic Treaty", (Item 2) Perkins explained that this would involve mainly consideration of the Defence Committee's Report. Under (B), the Council would be invited to authorize the Defence Financial and Economic Committee to make further studies regarding the financial implications of the agreed defence plan as suggested by the Defence Committee and might also give guidance on the lines which such a study might take.

6. Perkins explained that Items 3 and 4 had been intended to cover consideration of further implementing action which might be required as a result of the review of world developments and of progress under the North Atlantic Treaty to date. Perkins said that the main idea was to consider what further action might be required to co-ordinate policies of the respective Governments in the economic as well as the political field and the Foreign Ministers may decide to take immediate action on the establishment of some new central machinery, either in the form of a permanent commission or a central secretariat, which would facilitate co-ordination as well as consultation between Governments in the non-military fields. It was agreed that these two Items might better be dealt with in a single paragraph.

7. On the 5th Item, a paper was circulated by the State Department on the budget of the Standing Group, which is contained in a following teletype.† Further work on the proposals for a shipping board has yet to be done by the Working Group.

8. It was agreed that the Working Group would meet again, probably on Wednesday or Thursday of next week as soon as comments had been received on the revised proposed United States agenda as well as on the discussion in the Working Group.

9. The revised draft agenda resulting from the foregoing discussion is contained in my immediately following teletype.†

10. After the meeting Perkins asked to see Ignatieff alone and told him that he was particularly interested in our proposal that Germany should be discussed at the next meeting of the Council. He said that he entirely agreed that the relationship of Germany to the North Atlantic Treaty members was an appropriate question to be discussed by the Council and went on to say that he had come to the conclusion personally that probably the only durable solution of the German question was to have Germany accede to the North Atlantic Treaty. He referred to the grave concern which the United States officials in Germany had about the German situation as it was developing and expressed the view that proposals for limiting German "integration" to Western Europe alone, particularly in the economic field, would not prove effective in dealing with the basic problem of how to deal with the security of Europe. He said that, in his opinion, only if Germany were brought into the Treaty and required to accept military responsibilities under the Pact could the security problem be dealt with effectively.

484. DEA/50030-A-40

Note du sous-secrétaire adjoint aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs

SECRET Ottawa, April 13, 1950

MEETING OF NORTH ATLANTIC COUNCIL

We are anxious to make discussion at the forthcoming meeting of the Council as much a reality as possible and to take this opportunity to have an exchange of views over an extensive field. The present draft agenda will allow of this. The United States and United Kingdom Governments seem quite favourably disposed towards such a review which would mark a step forward in the development of the North Atlantic Treaty. On the other hand, there is some likelihood that discussion at the Council sessions may prove pretty vague and general and that the United Kingdom and United States will be reluctant to discuss foreign policy questions with any great candour in so large and mixed a body. It may be that Canada will be able to inject more reality into the discussions. In any case, we have been successful in having all our suggestions for subjects for inclusion under the Council agenda accepted by the Working Party in Washington.

2. It is quite likely, however, that the proceedings in the Council will not amount to very much more than the exchange of general statements and in the case of the United States, United Kingdom and France these will be agreed in advance. The Foreign Office are expecting teams of United States and French experts arriving in London as far in advance as April 25 to prepare the ground for the bilateral, tripartite and North Atlantic meetings. This looks like the preparation of a united front for the Council meeting. It is fortunate that the Minister will be in London a few days before the formal Council session as he will doubtless have an opportunity for informal talks with Messrs. Bevin, Acheson and perhaps M. Schuman before the Council opens. This may indeed prove the best opportunity to put our views and to gain information about policy developments. In any event, the "behind the scenes" talks in London may be more important than the Council session.

3. According to the Montreal *Gazette* of today, the Secretary-General of the United Nations hopes to be in London on May 8 and have talks with the United Kingdom, French and United States Foreign Ministers on the deadlock in the United Nations. It would be worth confirming this story as, if it is accurate, it increases the importance of the pre-Atlantic Council discussions and the desirability of the Minister being in London at that time.[15]

C.S.A. R[ITCHIE]

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[15] Note marginale:/Marginal note:
The Minister to see — there's a good deal I think in what Ritchie says. A.D.P. H[eeney] April 14.

485. DEA/50030-A-40

Note de l'adjoint spécial du secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État adjoint aux Affaires extérieures

Memorandum from Special Assistant to Secretary of State for External Affairs to Assistant Under-Secretary of State for External Affairs

[Ottawa], April 13, 1950

I understand that two questions have arisen in Washington concerning the possibility of discussing the United Nations during the meeting of the North Atlantic Council. One of these questions refers to a proposal, which Mr. Pearson is assumed to have made in New York, to the effect that a public declaration of support for the United Nations should be made at the conclusion of the North Atlantic Council meeting.[16] The other question concerns the possibility of discussing in the private sessions of the Council the use which might be made of United Nations machinery.

2. In regard to the first of these questions, my recollection is that in the conversations in New York there was some discussion about the advisability of holding one or two public sessions of the Council. Mr. Pearson expressed the view that at least one and possibly two public sessions should be held, and he referred to the advantages which had come from the public meeting at the conclusion of the Colombo Conference. There was then some discussion as to the subjects which might be considered at a public meeting, and the suggestion was put forward that one object of such a meeting would be to reaffirm the support of the North Atlantic powers for the United Nations and perhaps to underline the status of the Alliance as a regional group within the meaning of the Charter. At this point Rusk suggested that the North Atlantic Council might formally adopt the resolution passed at the last session of the General Assembly entitled "The Essentials of Peace". This was the resolution which was worked out by the United States Delegation in consultation with a number of other delegations as an alternative to Mr. Vishinsky's resolution on the preparation for a new war. It contained a general statement of the principles which should govern members of the United Nations in their attitude towards that organization and in the conduct of their international relations. I do not recall that any of us were much impressed with this suggestion[17] and it seems to me that the discussion ended without any very precise proposal being made. I do not think, therefore, that anything in the New York conversations would commit us to supporting in the working group in Washington the suggestion that the North Atlantic Council conclude with some declaration about the United Nations. On the other hand, I presume that we would be prepared to concur in any reasonable suggestion along these lines.[18]

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[16] Voir le document 229./See Document 229.

[17] Note marginale:/Marginal note:
No [L.B. Pearson]

[18] Note marginale:/Marginal note:
Yes. L.B. P[earson]

3. In regard to the second question concerning discussions during Council meetings and the use to be made of United Nations machinery, all that I had in mind was that occasion might be found to consider in a specific and practical way whether United Nations machinery could not now be used in relation to some of the major outstanding problems. In regard to atomic energy for example, it might be interesting to see whether North Atlantic Council members had any views about the procedures which had been followed in the past, and alternative suggestions which had been made by people like Romulo. It might also be interesting to see whether members of the Council had any ideas about the use which could be made of U.N. machinery in trying to ease the tension between the Western world and the USSR. Since it has now been generally agreed that an item should be put on the agenda referring to world conditions, I think my point could be made by suggesting that at some time during the study of each of the problems which will be considered under this general item, the question might be asked whether some agency of the U.N. could be used more effectively at the moment in the process of dealing with this particular problem.

R.G. R[IDDELL]

486. DEA/50105-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en France

Secretary of State for External Affairs to Ambassador in France

TELEGRAM 150 Ottawa, April 8, 1950

SECRET

Repeat London No. 541; Washington EX-660; Rome No. 72; Oslo No. 36; Stockholm No. 41; The Hague No. 37; Brussels No. 81; Copenhagen No. 27; Athens No. 33.

Following from Heeney, Begins: At the North Atlantic Council Meeting in London in May the Minister will speak about Article 2. The following is a sketch of what is under consideration for what he might say: Begins:

Article 2 has already proved its usefulness. It was helpful in getting support when the Treaty came before legislatures. It remains a source of interest and support. It fosters a sense of solidarity on a broader basis than merely military. The time has come to consider how it can be applied.

The recent meeting of the Military Committee showed that military production plans fall far short of targets. This emphasizes need for collaboration in the field of military production. Collaboration in that field may well extend into broader economic field.

The Article also provides for elimination of conflict in international economic policies. This emphasizes the need for North America and Europe to hang together

and not to drift apart. There have been worries in Ottawa and Washington over some recent European developments and proposals.

The possibility of establishing N.A.T. machinery for collaboration and elimination of conflict must be considered particularly in the light of the tapering off of E.C.A. aid. This raises the question of the relationship between such machinery and all the existing bodies for promoting European economic cooperation. Some of these bodies have a membership much wider than the Treaty and this will involve special problems. This sort of problem is not new. It always has to be faced and solutions have always been found in the past.

In conclusion it is suggested that the whole question of applying Article 2 should be referred to a special group of experts who would report at a later meeting of the Council. Ends.

2. I should be grateful for your comments and suggestions. Please send them this week. I would specially welcome instances of recent public or political support of Article 2 and what it stands for.

(FOR PARIS ONLY)

3. Please hand a copy of this to Pierce when he returns and ask him to send comments and suggestions.

(FOR WASHINGTON ONLY)

3. Before the Council meeting we shall probably want to consult with United States and United Kingdom about possible statement by the Minister. Do you think that this should be done through Tripartite machinery? Telegram Ends.

487. DEA/50105-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 160 Paris, April 20, 1950

SECRET. IMMEDIATE.

Following for Heeney from Pierce, Begins: In your No. 150 of April 18th, you asked for comments and suggestions from me on sketch for Minister's speech at North Atlantic Council in May. I think you have adopted a realistic approach; and that the conclusion to refer the question to special group of experts offers a sensible course.

The Atlantic community does provide a useful basis for regional military and political cooperation, but the Atlantic community may, like the Western European, be too narrow a basis for economic cooperation.

Under present circumstances, we would not be likely to make more progress economically in the Atlantic community than we could in the United Nations specialized activities. Even if it were possible to get agreement to greater commitments

and concessions in N.A.T.O. than in I.T.O.-G.A.T.T., we could not discriminate in favour of N.A.T.O. countries unless we were ready to abandon the United Nations front, and I don't think the time has come for that.

There remain, nevertheless, some good possibilities for N.A.T. economic cooperation, but I feel they are to be found for the immediate future in the extension of the military plans into the military supply field and the economic problems related thereto. (We should include in these possibilities, the chance that the United States could find a way to buy some of its own military requirements from its allies). In this the easiest and most promising field, we have, however, made far too little progress to justify reaching out for new territory. I assume from paragraph 3, of your telegram that you have this very much in mind.

I feel pretty strongly that we have enough objectives and for the moment enough machinery in the economic field. Evatt used to score heavily, repeat heavily, with the old one about too much harness and not enough horse. I think we are somewhat better off in that we have both horse and harness; but what we need now is hay. In short, our European partners need money or markets in which to earn money: we should examine our actions largely in this light.

Most of the people I have met in the Netherlands, France, and Austria all share the same fear that they may never be able to sell enough in the United States market to pay their way.

In part this is because they recognize the great basic strength of the United States competitive position, but it is also because they do not trust the United States attitude towards imports as it will be reflected in the United States tariff and in customs policy and administration. It is not new machinery we need. What would help would be for the United States to introduce drastic customs reforms and to find a way at Torquay to make substantial and effective tariff concessions. If they do that, Article 2 can, for the moment, take care of itself.

With reference to paragraph 4 of your telegram, I would be inclined to be careful about voicing our concern about European developments and proposals. These people have not much choice unless we really give them a choice and I don't think we have yet done so.

They find themselves in the position where they have to hold together politically against the East, whether they are economically efficient or not. It may be true that their best hope for a prosperous future lies in multilateral trade with the race going to the swiftest, but the immediate threat is more real to them than the future prospects.

I feel it would be wiser perhaps for us to take the positive attitude that we can still hope to achieve our broad objectives and at the same time resist the immediate threat; we should be careful that none of us under pressure, prejudice the long-run objectives, because it is there that our best defence must lie. When we turn to what is needed so that we can move towards these objectives, I think that what needs doing, needs doing not so much in Europe as in the dollar area, and needs doing quickly, because European production has now recovered remarkably; European efficiency is improving; the easy credit markets are disappearing for them as they already have for us, and unless the dollar area soon gives practical expression of its

good intentions towards European goods, these countries must, even more than they do now, turn to restrictions and a search for self-sufficiency. If it turns out that the United States authorities think their best hope of inducing Congress and the public to grant further assistance lies in an economic machinery under N.A.T., that is another matter.

I am seeing the E.C.A. people tomorrow. Both Harriman and Katz are away, but if I learn anything useful from the others about E.C.A.'s views on Article 2, I will send it on to you. Ends.

488. DEA/50030-A-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-680 Ottawa, April 21, 1950

SECRET

Your WA-876 of April 17,† Agenda North Atlantic Council.

1. The agenda now seems quite satisfactory. On its face it should give an opportunity for realistic examination of the progress to date and for constructive discussion with regard to future policy.

2. However, on re-examination of the agenda, I am inclined to think that the time allotted is much too short. Your WA-875† notes that there is now general agreement that the meeting should convene on the 15th, continue on the 16th, and if necessary on the 17th. Part of this time will probably be given up to a public session and to the preparation of a press release. At best this leaves little more than two days for serious discussion. I should think that Item 2 alone would take at least two sessions for adequate treatment, and that the remainder would probably require another six or eight sessions. In view of the size of the Council and the probability that most members will wish to express their views on the various items of the agenda, there would appear to be little time for anything more than set speeches if the present timetable is adhered to.

3. Meetings at the Ministerial level have hitherto been largely *pro forma*. There is more need for adequate consideration by the Council of all topics on the agenda. It is, of course, difficult to say how the forthcoming meetings will develop or to predict what functions in the organization the Council will ultimately perform, but if NATO is to become a really effective instrument for peace and for promoting the community interests of the North Atlantic area, I should think that the Council must take seriously its responsibility as a supreme governing authority of the organization. If so, Council meetings must be more than *pro forma* and more than a mere forum for a hasty exchange of prepared statements, or a recording of agreements previously reached by some of the members. To attain a meeting of minds, time for full discussion should be allowed. It is also possible that at the forthcom-

ing meeting questions will arise which may require special consideration by sub-committees. If so, there should be time for them to report and for their reports to be duly considered in the full Council meeting.

4. I should think therefore that it should be understood before the Council meets that although it is hoped that business may be completed in three days, members will be prepared to remain as long as the situation may require.

5. It appears from your WA-875 that no further meeting of the Working Group is likely to be held except on the express call of any member. It is probably not necessary to call a meeting of the Working Group for this purpose, but if a meeting is held, please take the opportunity to put forward the views expressed above. In any event, please put these views before officials of the State Department.

6. A telegram on the above lines will be sent to our Missions in North Atlantic countries.

489. DEA/50105-10

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-918 Washington, April 21, 1950

SECRET

Following for Heeney from Wrong, Begins: Your EX-660 of April 18th concerning Article 2 of the North Atlantic Treaty.

1. I find the sketch of the Minister's possible remarks insipid and I hope that something livelier may emerge. In a following message I am sending my own appreciation of what the Canadian approach to general economic collaboration under the Treaty (as distinct from the economics of collective defence) might be. I have tried to make this concise. This message deals with what might be said by the Minister at the Council meeting and with the related questions to which you referred.

2. It seems to me that there are three main considerations which need to be borne in mind in deciding on the line to be adopted at the meeting of the Council:

(a) A number of other Governments, notably France, have now associated themselves with the initiative previously taken by the Canadian Government to urge using Article II for closer economic collaboration among the North Atlantic countries. It would be appropriate for the Minister to recall the Canadian initiative in having the Article included in the Treaty and also to set out some of the main considerations which led us to press for the inclusion of the Article.

(b) Ideas are not sufficiently formulated at present on what should be done under Article 2 for the Foreign Ministers to agree on any course of collective action, but a study of the question might be begun.

(c) If such a study is undertaken, a decision will be required as to who should undertake it and what should be its terms of reference.

3. If a study is suggested, it could, I think, be best undertaken by a select group of economic experts, possibly representative of those countries in the North Atlantic Treaty which have major trading and financial stakes. I think that the Working Group should not be charged with this responsibility; it requires expert knowledge, rather than consideration by a diplomatic body.

4. The terms of reference of the study might be stated in the form of questions, the answers to which might lead to specific recommendations to the Foreign Ministers at a later meeting of the Council. One of the first questions to which the experts might address themselves is:

(a) Are any new institutional arrangements either desirable or necessary to enable the parties to execute their economic undertakings in Article 2?

Other questions might be:

(b) What is the relationship between the economic pledges under Article 2 and the economic undertakings of many of the parties under:

(I) The Charter of the United Nations;
(II) G.A.T.T. (and the I.T.O. Charter if ratified);
(III) The International Bank and the Monetary Fund;
(IV) O.E.E.C. (and the Council of Europe perhaps)?

(c) Could the creation of general economic machinery under the Treaty be of aid in dealing with the dollar gap problem either before 1952 or after 1952?

(d) If some new machinery is recommended, what form should it take, and what provision could be made for associating certain countries not signatories of the pact, such as other Western European and Commonwealth countries?

(e) What terms of reference might be given to such a regional economic agency under the Treaty?

5. You asked for instances of recent public or political support of Article 2 and what it stands for. I have seen no evidence of support for a specific plan of action under this Article, and some commentators, such as Lippmann, have pointed out the difficulties of effective regional economic organization of the North Atlantic countries. There has, however, been some friendly editorial comment in a few newspapers on the need for promoting the non-military objectives of the Treaty. *The Washington Post*, for example, has discussed this once or twice in the last few weeks. In Congress nothing of real significance has been said, although there were references to the employment of Article 2 at the hearings on international organization reported in our despatch No. 419 of February 23rd.† The Article naturally attracts notice from the supporters of the Atlantic Union Committee, but I take it that we are not inclined to approach the problem from the point of view of employing the Article as a step towards bringing about a federation of the principal North Atlantic countries. One might say that a good many people in this country seem now to be gratified that the Treaty contains these general and pacific provisions, but few, if any, have as yet approached them from the point of view of using them as a basis for collective action.

6. You also ask whether I think that consultations with the United States and United Kingdom on this subject before the Council meets should take place through the tripartite machinery. I think it would be a mistake to use this machinery for this purpose and recommend that such consultation should be with the Foreign Office and the State Department. Ends.

490. DEA/50105-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-919 Washington, April 21, 1950

SECRET

Following for Heeney from Wrong, Begins: My immediately preceding message. The following is my appreciation of the uses of the economic portion of Article 2 of the North Atlantic Treaty.

1. The economic pledges of the parties contained in this Article are to promote conditions of stability and well being, to seek to eliminate conflict in their international economic policies and to encourage economic collaboration between any or all of them. These are not novel pledges. By Articles 55 and 56 of the United Nations Charter all the parties to the Treaty except Italy and Portugal are bound by comparable undertakings. All the European parties belong to the O.E.E.C. with its more detailed regional provisions. Most of the parties have accepted the commitments of GATT and are also members of the International Bank and Monetary Fund. The novel aspect of this part of the Article lies not in its contents but in the fact that it is binding for twenty years at least on twelve countries around the North Atlantic Ocean, and might thus be employed as a basis for creating some sort of closer regional economic association linking North America and Western Europe.

2. I think it a mistake to approach the question of the use of this Article by asking what sort of machinery under the North Atlantic Treaty Organization is needed for its application. In my judgment the first question to ask is what functions could a regional economic association of these twelve countries actively perform.

3. In considering answers to this question, it must be borne in mind that O.E.E.C. and the Council of Europe are continuing European regional bodies and that the European parties to the North Atlantic Treaty who belong to them cannot enter into North Atlantic economic commitments which are not consistent with their aims. We must also satisfy ourselves that the North Atlantic partnership is large enough to constitute an effective economic group, taking note in particular of the omission from it of Germany and of all the members of the British Commonwealth except the United Kingdom and Canada.

4. For the European partners July 1st, 1952, is a most important date. The Special link between North America and Western Europe brought about by the European

Recovery Program will then come to an end and the Economic Co-operation Administration in Washington will cease to exist. From that date the pledges in Article 2 of the North Atlantic Treaty may well acquire a new importance. A central aim of Canadian policy should be to do what we can to maintain a sense of active responsibility in the United States for the economic welfare of Western Europe after the end of E.C.A. grants. What we want to see is the progressive closing of the dollar gap at the highest feasible level of trade through increasing the opportunities of other countries to earn United States dollars.

5. Could a regional North Atlantic economic body assist in attaining this end? If such a body were set up, one obvious danger would be its employment by some of the European parties as a means of seeking to extract more dollars from the United States in one way or another. There is a suggestion of this approach in M. Bidault's proposal for a more authoritative North Atlantic Council. We know that the United States Government will not continue to subsidize the recovery of other countries by substantial grants, except perhaps for the particular purpose of increasing the military strength of their allies. Continued military assistance, however, does not involve the establishment of new machinery in the North Atlantic Treaty Organization.

6. To close the dollar gap at a high level requires a long-sustained and difficult effort on a broader than regional basis. If world trade is to be freed from import and exchange restrictions, the central effort must come from the United States and must be directed towards making the dollar no longer a desperately scarce currency, through permitting greatly increased foreign earnings. (More extensive foreign investment is also, of course, required). I have doubts whether any North Atlantic economic machinery, apart from that directed specially to defence purposes, could assist the United States Government in bringing about these conditions. Success will involve a lengthy and rigorous campaign of public education in order to convince public opinion (and majorities in both Houses of Congress, which is not the same thing) that the national interest requires a fundamental change in the composition of the balance of payments.

7. I take it that there is no thought of seeking to set up a North Atlantic economic region hedged off from the rest of the world by devices such as tariff preferences and discriminatory exchange and import restrictions. Assuming this, I find it hard to ascribe positive functions, outside the field of defence, to any economic machinery set up under the Treaty. Regional military planning and organization make a great deal of sense. The really tough economic problems before us, however, are not regional. For example, the tripartite arrangements in Washington set up last September led us immediately into discussion of the economic development of South and South East Asia and of the markets for Arabian oil.

8. I think that an effort to deal with the central problems of the dollar gap in the North Atlantic club would be likely to complicate the situation, to expose the United States to pressures to pass out more dollars, and to impede rather than assist the education of the American people on the need for greater imports. This state of affairs will not necessarily continue indefinitely. I believe that we should wait on events for the present, in the hope that E.C.A. before it winds up and other factors

at work, such as the tripartite financial arrangements, will substantially reduce the great disparity between the creditor position of the United States and the debtor position of the other countries.

9. There may be more effective means not based directly on the North Atlantic Treaty of tying together in some organization the economic interests of North America and Western Europe. It has, for example, been suggested that the United States and Canada should become members of O.E.E.C., and some thought has been given to this in the Department of State, not as an immediate possibility but as something that might prove beneficial in 1952. If this were to come about, the economic provisions of Article 2 of the Treaty could well be employed to support the entry of the United States and Canada into the larger European organization.

10. What I have said is not meant to imply any criticism of the inclusion of Article 2 in the Treaty. My observations relate solely to the question whether at this time collective action for the "implementation" of Article 2 could help toward the solution of the great economic problems which confront the North Atlantic community.

11. What then might be done at the meeting of the North Atlantic Council? I think that we should not support any proposal for the early creation of new machinery, and I am doubtful whether it would be wise to support the initiation of a study the purpose of which would be to lay definite recommendations before the Council at its September meeting. If either an expert group is set up or the question of closer economic collaboration is referred to the Working Group for study and report, it should be recognized that the process of study will take a considerable time. The tactics of the meeting, however, must depend in part on what other Foreign Ministers have to say, and notably Mr. Schuman and Mr. Acheson. Ends.

491. DEA/50105-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 767 London, April 22, 1950

SECRET. IMMEDIATE.

Following for Heeney, Begins: Your telegram No. 541 of April 18th, North Atlantic Council.

1. Such evidence as is so far available here of public or political support for Article 2 was sent to you by air bag yesterday in our despatches Nos. 899† and 902.† You will see from these despatches that there has been little official, or even unofficial, public discussion in the United Kingdom of this Article in the Treaty. There would seem to have been more discussion of, and enthusiasm for, the subject in France during recent weeks, as evidenced particularly by Bidault's speech on April 16th in Lyons. To some extent it is felt here that this relatively new French

attitude may reflect a growing belief that the United Kingdom is unlikely to participate wholeheartedly in an "integration" project unless it includes the United States and Canada (and permits of a satisfactory relationship with the sterling area). The French may now be coming around to the view that the prospects for an effective North Atlantic (or even broader) economic arrangement may be better than for the economic integration of Europe alone.

2. Several of the reports in the press have emphasized the importance which the Canadian Government attaches to the practical application of Article 2. In particular, a report from the Ottawa correspondent in the *Manchester Guardian* of April 18th expressed the view that the Canadian Government had foreseen "that the North Atlantic Pact, in the guise of a purely military instrument, might not have found favour in sections of Canada where isolationist sentiment is still strong". The correspondent added that "other motives were also operating at Ottawa to create a special interest in a programme of economic collaboration". He cited as an example the remarks by Mr. Howe in the House of Commons of March 31st, which were interpreted as implying "that the prospect of any serious recovery of Canada's export trade with Europe would be greatly dimmed if the countries of Western Europe, in making their arrangements, took scant cognizance (or none) of Canada's need for markets overseas and left her mainly at the mercy of the United States for the disposal of her heavy exportable surpluses". The *Guardian* correspondent then indicated that Canadian delegates at the North Atlantic Council meeting "will press vigorously for wholehearted economic collaboration between the signatories of the Pact".

3. From officials in the Foreign Office and Treasury with whom we have talked on the subject of Article 2 during the past few days, it is gathered that official thinking on the United Kingdom side has not yet reached the point of considering what, if any, formal arrangement is required under Article 2. United Kingdom officials do not appear to have come to any conclusion yet, even as to when, or how, the question should be investigated. Much thought is, of course, being given here continuously to the future of OEEC and of the Council of Europe. It may be doubted, however, whether by the time of the North Atlantic Council meeting United Kingdom officials will have reached any conclusions on the future of these bodies or on their possible relationship to Article 2. Berthoud of the Foreign Office has promised to let us know as soon as possible how their thinking is developing.

4. My own preliminary comments on the tentative sketch in your telegram of what the Minister might say on the subject at the Council meeting are indicated below.

5. In the first paragraph of the sketch it is suggested that "the time has come to consider how it (Article 2) can be applied". I assume that this thought will not be presented in such a form as to imply that, in the absence of formal machinery, nothing is now being done to apply Article 2. Presumably it should be recognized that the principles of that Article are already finding some expression through national policies and through bilateral (e.g. United Kingdom-Canada Continuing Committee and other bodies involving pairs of countries, as well as through ordinary diplomatic channels), trilateral (e.g. United States-United Kingdom-Canada

talks last July and September), or even multilateral (e.g. OEEC) discussions. In addition, some contribution to the "elimination of conflict in their international economic policies" and to the "encouragement of economic collaboration between any or all of them" is presumably being made by the participation of the North Atlantic countries in various wider economic bodies with that objective (e.g., GATT, IMF, ECOSOC, etc.). I think it most desirable to avoid any impression that we think nothing is now being done in the spirit of Article 2 or to prejudge the question of whether any special North Atlantic machinery for this purpose will turn out to be necessary (particularly since it is proposed in the sketch that this question be remitted to a group of experts for study). I think the introduction might well emphasize what is already being done without special machinery and might then go on to enquire whether even more might be accomplished if a suitable North Atlantic body were to be established.

6. On the second paragraph of the sketch I wonder if it might not be considered somewhat indelicate at this stage for the Canadian representative to remark that "military production plans fall far short of targets" and that "this emphasizes the need for collaboration in military production". In any event, I should think that the emphasis in this section should be on (a) the narrowness of the present supply and financial bodies of the North Atlantic Organization (mentioning the rather restrictive directives to the DFEC, MPSB, etc.), and possibly (b) the extent to which even the limited activities of these bodies might be assisted by closer collaboration on policies in the broader economic field.

7. The next section might point out, as the sketch suggests, that such closer collaboration might not only assist the activities of those bodies but might strengthen the economic positions of individual countries and further improve economic (and political) relations among the NAT members. In that connection it would seem appropriate to give expression to our concern at certain aspects of various proposals for, or developments in, Europe and also to our recognition of the probable interest of the Europeans in the future course of United States and Canadian import, investment (and immigration) policies. The Minister might remark that Canada has a special interest in developments both in Europe and the United States since we are a substantial creditor of the one and a substantial debtor of the other in the international balance of payments.

8. The next paragraph of the sketch mentions "existing bodies for promoting European economic co-operation" and speaks of the special problems to which the wider membership of those bodies would give rise in the event that machinery for closer North Atlantic co-operation were to replace them. Those problems are doubtless very real (particularly in the cases of Sweden, Switzerland, Ireland and Western Germany). Possibly equally real, however, is the probable reaction of countries further removed (such as those which will be at the Sydney talks in which we shall also be participating) which accept the existence of OEEC because it originated as a necessary accompaniment of Marshall Aid, but would not readily understand the establishment now of some similar arrangement on a strictly North Atlantic basis. Even though the Minister's remarks will presumably not be made public, I should have thought it desirable in this section to take account not only of the interests of the non-North Atlantic countries in OEEC but also of those coun-

tries outside (or having extensive economic relations outside) both OEEC and the North Atlantic area. I should have thought this approach desirable also for the reason that, in fact, many of the economic problems cannot be solved on a purely North Atlantic basis. The Minister might observe that just as it is not desirable to establish exclusive European or North American economic groups within the North Atlantic area so is it undesirable to make the North Atlantic Organization itself into an exclusive economic group without regard for those countries outside the Treaty (in Europe, Asia, Africa and Latin America). The fact, however, that such a large part of the economic prosperity — and occasionally the economic difficulties — of the world depends on developments in the North Atlantic area gives outside countries as well as those within the area an interest in seeing close and effective economic collaboration among North Atlantic countries. Collaboration among the North Atlantic countries should always take full account of the position of those friendly countries outside the Treaty. Any arrangements for North Atlantic collaboration should, of course, be fitted in with broader international bodies seeking similar objectives.

9. On the suggestion in the last paragraph of the sketch for the reference of the question of Article 2 to a group of experts, I should think that any such group, if it is to serve a useful purpose at this stage, would have to be given fairly broad instructions. If we were convinced that new machinery is, or will be, required, and if we could say definitely what kind of machinery might serve the purpose, it would probably be sufficient to instruct the group of experts to work out the detailed arrangements, taking account of such bodies as now exist or are in process of formation. Since, however, there appears to be uncertainty as to the need for, and appropriate scope of, any new North Atlantic body, the expert group could hardly do their job merely by undertaking a fairly mechanical review of the functions and composition of existing bodies. If they are to make a useful report on whether new North Atlantic machinery will be needed, and if so what kind, they will presumably have to consider and report on:

(a) What sort of problems there are, or are likely to be, in economic relations among the North Atlantic countries (and possibly also between North Atlantic countries and the rest of the world).

(b) What needs to be done about them.

(c) Whether existing machinery is likely to be adequate for the purpose.

(d) If not, what kind of new machinery should be set up.

10. In short, I feel that any group of experts which might be established at this stage should be allowed (or required) to consider the substance of the various possible problems in economic relations before attempting to examine the question of machinery. Otherwise we shall find ourselves establishing still more machinery for its own sake without any very clear ideas as to what it is intended to do. For that reason I feel also that the group should consist of top level experts on the economic problems and not merely experts on organization.

11. If a group of experts is to be set up, and Canada is to be represented on it, it will probably be necessary to envisage the representation of, or the inclusion of

experts from at least seven countries from the various regions (United States, United Kingdom, Canada, France, Norway, Italy, and Belgium).

12. Finally, I am sure it is unnecessary to warn you of the possible risks in proposing the establishment of general North Atlantic economic machinery, particularly since these dangers may well be outweighed by the benefits, for Europe and for ourselves, from further consolidation of the North Atlantic area. I might, however, mention some of the cautions which come to mind:

(a) While new machinery might help to persuade countries to do what is necessary, it may equally well create expectations which cannot be fulfilled. The disappointment of such expectations might have unfortunate consequences.

(b) The establishment of general North Atlantic economic machinery may weaken our own direct relations with the United States and United Kingdom.

(c) While such new machinery may enable us to be more effectively critical of various European policies, it will probably also be regarded by the Europeans as an instrument for securing concessions from us.

13. On the non-economic aspects of Article 2 (the type of question envisaged in item 4(b)) of Washington's teletype WA-817 of April 7th†) we hope to send you some comments early next week. Ends.

492. DEA/50030-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-955 Washington, April 26, 1950

SECRET

With further reference to your EX-680 of April 21st concerning the agenda of the North Atlantic Council, we were informed by MacArthur[19] today that Mr. Acheson had formally agreed to your suggestion that the duration of the Council might be extended two or three days longer if this is found necessary. Mr. Acheson in expressing his agreement, hoped that this would not mean his being detained in London longer than another two or three days but he accepts your idea that no fixed limit to the duration of the Council meeting should be set in advance, in order to ensure that full and effective consideration is given to the substantial agenda which the Council will be taking up. Incidentally, the State Department, as I indicated in my previous message WA-924,† are rather pleased that we took the initiative in raising this question.

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[19] Douglas MacArthur II, directeur adjoint des Affaires régionales de l'Europe, département d'État des États-Unis.
Douglas MacArthur II, Deputy Director of European Regional Affairs, Department of State of United States.

2. It is expected that there will be at least two more meetings of the Working Group before the Council meets, to explore and exchange views of Governments on some of the items on the draft agenda, particularly on items 2, 3 and 5 as given in my message WA-876 of April 17th.† The State Department at present are consulting with the Defence Department on what might be considered in connection with the report of the Defence Committee and on the suggestions which came out of The Hague meeting concerning the further studies required on the economic and financial arrangements necessary to support the military defence plans. Under Item 5 the State Department are particularly concerned in having preliminary exploratory talks on the possible additional central machinery which might be set up. Any preliminary comments you may have on this point would be particularly welcome.

493. DEA/50030-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-984 Washington, April 28, 1950

SECRET. IMPORTANT.

Reference my preceding teletype.† North Atlantic Council agenda (United States and United Kingdom tentative proposals for additional central machinery for the North Atlantic Treaty Organization).

1. At the meeting of the Working Group on Friday, April 28th, the United States and United Kingdom representatives put forward certain tentative proposals which they said indicated the trend of thinking in the State Department and Foreign Office respectively on the kind of central machinery that their Foreign Ministers might favour when Item 5 D is under discussion in the Council.

2. In general, the United States and United Kingdom appear to be thinking along similar lines, but there are one or two points of difference.

3. The United States view is that consideration of any additional machinery should be related strictly to consideration of the tasks which should be done in the North Atlantic Treaty Organization and which under present arrangements, are not being done. These jobs particularly relate to

(a) The co-ordination of military and economic activities of the kind which would be considered by the Council under Items 2 and 3 of its agenda;

(b) The indicating of new activities in the economic and political field contemplated under Items 5 A, B and C of the agenda.

4. The Council, itself, cannot be expected to meet more than two or three times a year with Foreign Ministers present; the case can be made out for providing political guidance at a high level for the various activities under the North Atlantic Treaty through the establishment of new machinery.

5. The kind of new machinery which the United States at present appears to favour is a permanent Commission, consisting of deputies of Foreign Ministers who would be given power to act on behalf of Foreign Ministers between meetings of the Council. Their powers would either be specifically limited or possibly embrace those of the Council itself. In addition, the United States would favour the appointment of an individual of high political standing who would give leadership and direction to the activities under the North Atlantic Treaty as a whole. They have no clear idea as to the title that such an individual might be given. Four possibilities were mentioned, — a permanent Chairman of the Commission, a Director-General, a Secretary-General or Executive Vice-Chairman of the Council. In private, MacArthur thought that the position they had in mind would be comparable to that of Stikker vis-à-vis the O.E.E.C.

6. The United States also contemplated that each representative on the Permanent Commission would have supporting staff who would be available to meet in Working Groups. Such staff might include specialists or experts in given fields who might meet on an ad hoc basis.

7. The United States did not exclude the possibility of a Secretariat, but they do not appear to favour such an idea, as it would give rise to an international budget and the creation of further bureaucracy.

8. In elaborating slightly on the type of presentation contemplated for the permanent Commission, the United States representative indicated that what they had in mind was top level Civil Service representatives who would give their full time, if necessary, to the work of the Commission. They emphasized that it was their desire to see the permanent Commission given sufficiently authoritative status. Provision might be made for Foreign Ministers themselves to attend meetings of the Commission on permanent basis if they so desire.

9. The United Kingdom tentative proposal does not suggest a permanent Commission as such. Apparently what they have in mind is that each Foreign Minister should appoint a deputy of high standing who would be free from other responsibilities so that he could devote his full time to North Atlantic Treaty matters if it is required, and that the Council should, if necessary, therefore, itself, be regarded as being in continuous session. The deputies would presumably have small staffs attached which would make possible the organization of study groups or groups to take up ad hoc matters. In addition, there would be a Secretary-General on an international basis with a small international Secretariat.

10. The functions which the United Kingdom contemplated these deputies might fulfill are

(a) The co-ordination of policy in the political field with respect to common defence problems of the North Atlantic area;

(b) The co-ordination of information programmes concerning North Atlantic Treaty matters, while leaving responsibility for national programmes to each country, and

(c) Such ad hoc tasks that might be agreed upon.

The main purpose of this organization, in the British view, would be to provide a more satisfactory method of co-ordinating the programmes of the various bodies under the North Atlantic Treaty Organization into a programme of action than is now provided by the occasional meetings of the Foreign Ministers themselves. In commenting on the function of "the co-ordination of policy in the political view with respect to common defence problems of the North Atlantic area" the United Kingdom representative said it might be further defined as "co-ordinating the essential military, financial and economic factors into an effective defence programme, and considering the equitable division of the financial burden and of production tasks".

11. There was no mention by either United States or United Kingdom representatives of the possible location of the new central machinery which is contemplated.

12. Ignatieff was given to understand by MacArthur that Messrs. Jessup and Perkins are at the moment consulting with the Foreign Office in London on the nature of the new central machinery that might be set up, but so far no definite scheme has been worked out.

13. The Chairman of the Working Group (Martin) said that he hoped to be in a position to put more definite proposals to the Working Group at its next meeting, and invited the comments of other representatives. He also suggested that the Working Group should at least put forward alternative possibilities of organization of some new central machinery for the consideration of the Foreign Ministers, and that the Council should agree on a solution rather than refer the matter to the Working Group for further study.

14. I would be grateful for your comments, if possible before the next meeting of the Working Group.

494. DEA/50030-A-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-738 Ottawa, May 2, 1950

SECRET. IMMEDIATE.

Your telegram WA-984 of April 28. North Atlantic Council.

1. Following are comments on tentative proposals for additional central machinery put forward by United States and United Kingdom representatives in Working Group.

2. The need for additional central machinery to function in the intervals between Council sessions seems to us to be becoming increasingly evident. We have been thinking along the lines of a Permanent Commission or group of deputies to Foreign Ministers of the kind and at the level indicated in United Kingdom, United States suggestions. On the other hand, I am inclined to agree with the view of Ach-

eson as reported in your telegram WA-879 of April 28† regarding the necessity for having a closer accord as to the objectives to be pursued before deciding on the precise character of the machinery itself. I think it only sensible to have a clearer idea as to what jobs would be given the Permanent Commission before trying to draw up a detailed constitution for it. It is all too easy to devise new machinery and the Tripartite Group of officials in London seem to be forging ahead in this direction but to have been less successful in defining the functions which the Commission might reasonably be expected to fulfill. Considering Item 5 of the draft agenda and the new Tripartite proposals put forward in the Working Group together you have a range of subjects including the co-ordination of foreign policy and promotion of closer economic collaboration both fields which stretch out to indefinite horizons. Also it is now suggested (see paragraph 10 of your telegram under reference) that the Commission should co-ordinate "the essential military, financial and economic factors into an effective defence programme and considering the equitable division of the financial burden and of production tasks". This all adds up to a pretty tall order even for a group of "top level Civil Servant representatives". It can only be visualized as working in practice if we conceive of it as flanked by groups of experts in various fields, hence a further proliferation of working groups. This raises difficult organizational problems. For example, how could the Permanent Commission (or group of deputies) composed of Civil Servants be expected to co-ordinate and review the efforts of Ministers of Defence and of Finance? On what basis is the relationship of the Commission to the military organs already operating under the Treaty to be established? Is the Commission as the creature of the Atlantic Council to be regarded as the "senior" body with overriding powers where political issues are involved in co-ordinating defence planning? If not, how is its relationship to the military bodies to be worked out? The question of the extent of the Commission's power in relation to governments will have to be closely considered. The United States proposal that the powers of the Commission might "embrace those of the Council itself" and that it would be "given power to act on behalf of Foreign Ministers between meetings of the Council" seems to us to suggest more than would ever be realized in practice, although we appreciate that the United States cannot have in mind giving any powers of decision on policy questions to the Commission as the Council itself, of course, has no such power. As you know, I have always emphasized that before taking decisions of policy arising out of Council meetings I would have to discuss these matters with my colleagues in the Government. In practice, the deputies of the Foreign Ministers meeting in the Commission would inevitably have to refer back any question of policy to their governments for decision. It would be illusory to suppose that they could wield any greater or different powers than these.

3. As the definition of the functions of a Permanent Commission raises so many political questions, I think that the Council should itself examine the dimensions of the problem and the difficulties involved without being tied beforehand even by implication to any cut and dried proposals worked out by the Tripartite group in London. The Council could then after considering the proposals put forward in the Working Group (it is probably advisable that it should have some tentative plan or alternative plans before it) and after discussion of the wider implications involved

either take a decision to set up machinery now or give a directive to the Working or some other ad hoc group to draft a detailed plan.

4. The wider implications to which I have just referred include the special relationship which we should hope to build up with non-signatory countries in those spheres in which association with our North Atlantic group is indicated. In this connection the central problem is, of course, that of Germany. If Germany is to be associated more closely with the West both economically and politically this can probably only be done effectively within the framework of the North Atlantic group of nations. Our political and economic machinery should be so flexible that it could, in due course, provide for the association of Germany on the economic and political side. The need for flexibility in working out machinery is further indicated by the functional character of the groups of experts working in various fields. For example, the group of economic experts concerned with Article 2 while it would not necessarily include all signatories of the Treaty might hope to include in the long-run some representatives of non-signatory countries.

5. These are long-term (although not so very long-term) considerations but they may have a bearing on the character of the machinery which we have to create. Similarly, M. Schuman's proposal for a Council which should attempt to co-ordinate not only the activities springing out of the North Atlantic Treaty but the relationship of the North Atlantic Treaty with the Council of Europe, O.E.E.C., and the Brussels Treaty Organization raises complex problems which will have to be faced in the pretty near future. Indeed one of the tasks of the Permanent Commission may be to consider the more far-reaching French proposals.

6. In suggesting some of the difficulties which the organization of additional central machinery with such wide and varied functions may encounter, we are not implying any negative attitude towards the creation of continuing central machinery. For your own information we are, in addition, turning over in our minds the possibility of putting forward at the appropriate stage a more radical suggestion bearing on the composition of the Council itself which would, we think, help to ensure greater political co-ordination of the defence and financial aspects of the Treaty Organization.

495. DEA/50030-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1011 Washington, May 2, 1950

SECRET. IMMEDIATE.

My immediately preceding teletype.† North Atlantic Council.

1. The following is the tentative revised agenda referred to in paragraph 3 of my teletype under reference.

2. Text begins:

1. In the year which has elapsed since the signature of the North Atlantic Treaty, the following progress has been achieved:

(a) The Treaty has been ratified by all signatories and has entered into force.

(b) The Defence Organization of the Treaty Powers has been established and has started work.

(c) A strategic concept has been adopted as the basis for the defensive planning of the North Atlantic area.

(d) The Standing Group using a planning date of 1954 produced on the basis of regional plans a first draft of a medium-term plan for the defence of the North Atlantic area. This plan was approved both by the Military Committee and the Defence Committee. The estimate of the forces required to support this plan was approved by both Committees as "a first approximation". The Military Committee has already instructed the Standing Group and the Regional Planning Groups to review this first edition of the plan and estimates with a view to achieving the maximum economy compatible with the essential security of the North Atlantic area.

(e) A security system for the North Atlantic Treaty Organization has been agreed upon. It is not yet fully operative but will be as soon as technical arrangements have been completed.

2. Defence planning has up to date been hampered because the planning bodies awaited information from the Defence Financial and Economic Committee on what finance would be available for defence purposes while at the same time the Defence Financial and Economic Committee awaited detailed information on the cost of an integrated defence program. In order to emerge from this vicious circle, the Defence Financial and Economic Committee has now officially requested the Defence Committee to prepare an estimate of the finances required for a strategically adequate defence plan, setting forth priorities. The Defence Committee has also requested the Defence Financial and Economic Committee to examine to what extent the North Atlantic Treaty Powers could potentially increase their defence expenditures and to consider new and more adequate financial and economic measures for implementing an integrated defence program.

3. The above represents substantial progress. Moreover there have been certain accomplishments which materially contribute to the ability of the North Atlantic Treaty powers to defend the North Atlantic area:

(a) The Governments of the North Atlantic Treaty countries have embarked on increased military production. Their estimates of future production show that they plan to increase it still further.

(b) In particular, the members of the Western European Regional Planning Group, as parties to the Brussels Treaty had already agreed before the North Atlantic Treaty entered into force on an additional military production program. This program is already showing results.

(c) The United States Mutual Defence Assistance Program has entered into effect and supplies are arriving in the recipient countries in Europe.

4. However the main fact which emerges from this review is that, while much has been done, the North Atlantic Treaty Powers have still to put into effect an integrated program for increasing their forces to the size required for the implementation of a 1954 medium-term plan. Such an integrated program involves four lines of approach on the first three of which work is proceeding.

(a) A list of forces required must be produced.

(b) Itemized lists of the equipment needed for these forces must be produced.

(c) The cost of maintaining the increased forces listed in (a) and of providing the equipment required in (b) must be worked out in detail.

(d) Decisions must be taken on the contributions to be made by individual Treaty Powers to the increased forces listed under (a) and to providing the additional equipment listed in (b).

As indicated above, the Defence Committee and its subordinate bodies and the Defence Financial and Economic Committee, are at work on the first three of these four stages. What is now needed is that the Council should co-ordinate the work of these bodies and ensure concurrent action on the first three stages so that the fourth stage can begin.

5. In order to use the resources available to the North Atlantic Treaty Powers most economically and to the best possible purpose, methods of achieving a balanced collective force, rather than balanced national forces and of achieving an integrated military production program must be examined.

6. It is for consideration by the Council whether the absolute priority at present accorded to economic recovery should not be re-examined with a view to giving efforts to build up security equal priority with efforts to achieve recovery without endangering the economic and political foundations necessary to national strength. Text ends.

496. PCO/Vol. 202

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire du Cabinet

Memorandum from Under-Secretary of State for External Affairs to Secretary to Cabinet

SECRET Ottawa, May 3, 1950

We referred to you this morning a copy of Mr. Wrong's message, WA-1011 of May 2nd, giving the text of a United States draft paper under discussion in the North Atlantic Working Group, in preparation for the forthcoming meeting of the Council. As the Working Group was to meet at noon today, we had time only for a hasty consultation among the officials available in the Department and, as a result, we advised Mr. Ignatieff in the Working Group to make the following points:

(a) That it had been our understanding that the Working Group was to produce a factual paper to assist the Council in its consideration of what is now Item 4 on the Council's agenda, reviewing the progress in implementing the Treaty in the year since its signature, including reports of the Defence Committee and the Defence

Financial and Economic Committee. The draft which the Working Group are now considering involves many questions of policy and, if a decision was expected at today's meeting of the Working Group, we would have to say that we could not accept the paper in its present form.

(b) That the essence of our objections was that the Working Group should not be prejudging question of high policy which the Ministers should be free to discuss, without prejudice, at the meeting of the Council.

(c) That our Minister had not yet been able to consider the paper nor to consult with his colleagues.

(d) That, at the official level in the Department, we specifically had serious doubts about the wording of paragraph 2 and the first sentence of paragraph 3, and about paragraph 6 in its entirety.

2. For lack of time, these instructions were given by telephone, but we should like you to know immediately that we have not subscribed to the U.S. draft paper and do not propose to do so in its present form. It is one thing for Ministers to raise points of this sort in the meeting of the Council, but, it seems to us, quite inappropriate for officials to try to indicate the sort of decisions that the Council might reach, although we are prepared to admit that it may be desirable for the Working Group to point up some of the issues which are likely to be raised at the Council, if this can be done without implying any recommendation and without expecting governments to approve such a document overnight.

3. We also told Mr. Ignatieff that he might approve the revised agenda for the Council, the text of which was contained in message WA-1012 of May 2nd,† which was also referred to you this morning. Our only suggestion for improving the agenda was to drop the first three words in Item 3 of the text, which would then read:

"Exchange of views on world political developments...".

C.S.A. RITCHIE
for A.D.P. Heeney

497. DEA/50030-AF-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], May 4, 1950

DISCUSSION OF GERMANY AT THE NORTH ATLANTIC COUNCIL

At Canada's suggestion, it has been agreed in the Working Group that the subject of Germany in the form of a report from the Occupying Powers should be discussed probably under Item 3 of the Agenda which reads: "Review of and exchange of views on world political developments as they affect the security and well-being of the parties in the light of Treaty objectives".

2. As you will remember, our objects in proposing that Germany should be discussed were two. First, that in view of developments in Germany and of the tripartite discussions on policy towards Germany we hoped to obtain up-to-date information on the German problem from the Occupying Powers. Secondly, we felt that a full discussion of Germany in the Council would be useful in itself as the non-occupying powers represented there would have an opportunity to contribute their own views.

3. It is not thought feasible at this stage to provide you with a draft speech to deliver on Germany: (a) because we have no pocket solution to German problems to produce; (b) because in any case the tripartite discussions immediately prior to the Council meeting may result in important decisions of policy on Germany. In the light of these decisions, suggestions for dealing with specific German problems which might make sense today may be out of date next week.

4. You will find attached instead of a policy statement a paper† prepared in the Department discussing what seemed to us to be the three essential aspects of the German problem: (a) German unity; (b) German integration in Western Europe and (c) German rearmament; and raising in the form of questions certain salient points affecting these issues.

5. The question of the "integration" of Western Germany with the rest of Western Europe raises problems both of substance and organization all the more difficult because no one has ever given a clear definition of what "integration" means. It has become one of those useful political "hold-alls" into which every kind of concept can be conveniently stuffed. Until quite recently it was hoped to integrate Western Germany into Western Europe or into a European Union and the wider question of the relationship between this Western European bloc and North America had not been faced. Now, since M. Bidault's and M. Schuman's speeches, this wider question has been brought out into the open. It is significant that the French have taken the initiative. They realize that without the inclusion of Germany politically and economically, the Western European bloc would not make sense. On the other hand, they are terrified of being left alone to compete with the Germans for the leadership of Western Europe. They are frightened — and with reason — of the Germans getting the upper hand. This was one of their most pressing motives in trying to bring the United Kingdom into the Council of Europe so that there would be a powerful counter weight and they would not be left alone in the cage with the Germans. United Kingdom reluctance to be integrated has emphasized the need for a wider framework. The French have now launched the idea of an organization to include the O.E.E.C. countries, Germany, the United States and Canada. This poses a problem in terms of organization. With the same objective in mind we have been thinking in terms of extending the political and economic machinery of the Atlantic Treaty so that special relationships could be built up with certain non-signatory countries including Germany. We have been hoping that by keeping machinery flexible enough we might bring Germany and other O.E.E.C. countries under the umbrella of the Atlantic Treaty on the political and economic side without associating them with its military aspects. This may now prove an impossible operation. It would certainly be a very delicate one. In Europe the North Atlantic Treaty is, of course, regarded primarily as a military alliance. Countries like Sweden and Swit-

zerland would be very shy of being associated with it in any way. To associate Germany with it would bring instant protest from France and other European signatories who would feel that this was the first step towards accepting Germany as a military partner. On the other hand, Bidault's suggested peace council seems to foreshadow a new international organization comprising the Atlantic Treaty signatories and the O.E.E.C. countries. The idea of yet another international organization will certainly not prove attractive to the United States, or perhaps to ourselves. These organizational difficulties will have to be discussed either at this council session or by a permanent commission set up under the Council. But the present conglomeration of committees and of alphabetic labels should not obscure to our view the necessity for a major political and diplomatic manoeuvre which will bring Germany into a grouping of which the United States and ourselves are members. That is the underlying and perhaps crucial question.

6. If this is to be the objective, the technique of approaching it must be improved. The story of the attempt to bring Germany into the more limited field of the Council of Europe is a sad instance of bungling. The French by tying up this question with the Saar, the United Kingdom by adhering to the timid notion of bringing Germany in as an "associate member", all the Occupying Powers by their procrastinating methods have almost succeeded in throwing away any political advantage to be derived from this offer to Germany. The same sort of muddling applied to the question of dismantling of German industrial plant was equally unfortunate. The Occupying Powers are making the same mistake which was made after the 1914-18 war. Grudging gestures, displays of strength followed by hurried and embarrassed concessions to the Germans are creating that very impression of uncertainty and weakness which has always fed the German appetite for domination. At the present moment the German Chancellor instead of eagerly accepting the offer for German admission to the Council of Europe has been able to manoeuvre himself into a position in which it will be a favour on the part of Germany to the Occupying Powers if Germany condescends to accept the invitation. When the question of associating Germany with a wider grouping including the United States and Canada comes up we should try to secure that the objective is clearly delimited, that the consequences of accepting Germany as a partner are accepted without fear or fuss and that any German attempts to exploit differences between us are met with unity and firmness. All this is easier said than done. Nevertheless, we being less directly engaged in squabbles with the Germans over minor points in occupation policy may be able to exercise a salutary influence. While the question of the association of Germany with the wider Atlantic grouping may not present itself concretely at this meeting it will no doubt be the background for any discussion of Germany.

7. If we could draw a firm line and say that we would encourage the political and economic restoration of Germany but would set our faces against German rearmament in any form our task would be easier. Unfortunately, it is becoming more and more difficult to do this. The temptation to utilize German manpower and German industry in the defence of Western Europe may in the end prove irresistible and there are some who urge that we should begin this process now. In the first place, the association of Germany as a military partner in the North Atlantic Treaty would probably at this stage or even in any immediately forseeable future break the Treaty

wide open. Recent information from Paris indicates that the French would simply refuse to accept Germany's membership and the same is probably true of Belgium and the Netherlands. It is more than doubtful whether any French Government which was willing to enter into a military alliance with Germany could survive. German rearmament is, however, a vague term. If it means the recreation of the German arms industry and of German military formations whether in the shape of a separate German army or in some way included as part of a "composite European force" it would present the Kremlin with the most direct threat. General Robertson when commanding the United Kingdom occupation forces in Germany expressed the opinion that the rearmament of Germany would be the one decisive factor in inducing the Soviet Union to start a war. It is difficult to imagine that the Soviet Government could sit by and watch the recreation of the German armaments industry and the German army which so nearly overwhelmed the Soviet Union only a few years ago with the knowledge that this formidable military machine was backed by United States power. The very knowledge that such a development was planned might precipitate a decision by the Soviet Government to take over Western Europe at any cost before the threat had materialized.

8. In any event the question of German rearmament in the broader sense is not likely to come up at sessions of the Council. It is still too explosive a subject for anyone to raise in such mixed company. It may, however, be discussed behind the scenes in United States-United Kingdom talks. It appears to us that despite the strong military arguments for enlisting Germany as a military ally, the political arguments against such a course at this stage outweigh military considerations and that the military association of Germany in the North Atlantic Treaty would (a) increase the danger of a Soviet preventative war and (b) shatter the unity of the alliance. In addition, the German Chancellor, Dr. Adenauer, has publicly declared that Germany has no wish to be rearmed, a view with which the German Socialist Opposition Party have associated themselves.

9. A narrower and more immediate question concerns the creation of a West German armed police force. The tactics of the Soviet Government have been, as you know, to make an East German para-military police force the entering wedge for rearmament in the Soviet zone. It may well be that the Occupying Powers before the Atlantic Council have met will decide that a similar force be created in Western Germany. To this we should have no objection. In fact, it seems obvious that we are justified in meeting any Soviet threat to make use of para-military formations in the Eastern Zone by counter measures in Western Germany. The Russians in this case are setting the pace. This is separable from the larger issue of German rearmament. Meanwhile as there is still insufficient equipment to rearm our Western European allies and while the fear of Soviet aggression has still not precipitated any desire for German rearmament among Western European countries it would be premature to embark on so dangerous a course. The more so as no one can predict what course both a rearmed and politically resurgent Germany might pursue. Instead of being the bulwark of Western resistance to Soviet aggression Germany might prefer to play the role which she played in 1939 and we might be faced with a new version of the Ribbentrop-Molotov pact. We must remember that once Germany is rearmed and politically independent we shall have no further real control over her actions.

Thus we reach the conclusion that while German political and economic restoration and close association with the North Atlantic bloc is desirable and should be pursued the risks of German rearmament at this state outweigh the advantages

A.D.P. H[EENEY]

498. DEA/50030-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1023 Washington, May 4, 1950

SECRET. IMMEDIATE.

NORTH ATLANTIC COUNCIL

1. The Working Group, at its meeting on Wednesday, 3rd May, approved the tentative revised agenda as contained in my message WA-1012 of May 2nd,† with one verbal change in Item 1 which now reads, "adoption of the proposed agenda" (instead of "agreed agenda").

2. The Working Group also revised the "review of progress in implementing the North Atlantic Treaty in the year since its signature" which was contained in WA-1011 of May 2nd. Rather unexpectedly we found strong support for revision from the United Kingdom representative who had received firm instructions to oppose the inclusion in the review of any statements which might prejudge the decisions taken by the Council on the progress of the military planning to date and further action required. In the light of the preliminary comment given to Ignatieff by telephone, our representative also took the position that the Working Group should not prejudge the discussion in the Council and that the review should, as far as possible, be a factual statement.

3. I shall be sending a revised text of this review as soon as it is available. The main changes agreed were:

(a) The omission in paragraph 2 of reference to defence planning having been "hampered" because of lack of information from the D.F.E.C.

(b) The rewriting of paragraph 4. The paragraph as rewritten will indicate the action which the Council has been invited to consider in the reports from the Defence Committee and from the Defence Financial and Economic Committee. Our representative particularly took objection to the form of sub-paragraph (d) which could be interpreted as implying that decisions regarding contributions to be made by individual Treaty Powers might be taken by N.A.T. bodies rather than by individual Governments.

(c) It was agreed to delete paragraphs 5 and 6 altogether.

4. In the discussion, the representative of the United Kingdom and ourselves took the strongest line in favour of the substantial revision of this paper along the lines

indicated above. The United States representative was very reluctant to support these changes and was given strong support by the French representative. Other representatives, lacking instructions, took little part in the discussion although, on the whole, the Portuguese representative gave the United Kingdom and ourselves support. The French representative, De Margerie,[20] who had participated in the drafting of the paper, said that paragraphs 4 and 5, as previously drafted, generally represented the views of the French Government as to further action required. Particularly, he said that the French Government was anxious that immediate steps be taken to translate the "paper plans" into "forces in being", even before present defence plans were fully revised and completed. The United States representative made it clear that paragraphs 4, 5 and 6, as previously drafted, represented the considered views of the United States authorities and indicated that it was possible that the United States delegation in London would submit formal proposals along these lines.

5. It was agreed that, in order to facilitate discussion of the Defence Committee and D.F.E.C. reports in the Council, the Working Group would attach letters of transmittal indicating the action required. The United States representative said that, in the view of his Government, Foreign Ministers should feel free to discuss and suggest action on any report, even though it had been submitted to the Council for information only. A list of documentation is also being prepared.

6. The discussion on "the preview of progress" consumed most of the afternoon and there was little time for the consideration of the question of "additional central machinery". The United States representative did not come forward with any endorsement of the tentative proposals worked out in London, which were reported in my messages WA-984 of April 28th and WA-996† and WA-997† of May 1st. Ignatieff gave a brief summary of our views, as contained in your EX-738 of May 2nd, emphasizing the difficulty of deciding the precise character of any machinery until there had been a closer accord as to the objectives to be pursued. The United States representative indicated that the State Department was thinking along similar lines. He also referred to the difficult organizational problem raised by the London proposal that the Council should be considered in continuing session through Deputies as it would affect the relationship of the Council to the Defence Committee and the D.F.E.C., to which you referred in your message EX-738.

7. The French representative outlined the views of his Government in rather general terms. He said that his Government was thinking of two types of additional central machinery:

(a) Machinery to coordinate military planning and the financial arrangements involved in rearmament. These functions could be fulfilled by a Permanent Commission, along the lines of the Brussels Permanent Commission, with each country represented by a Deputy of the Foreign Minister. Each Government should decide what kind of representative would be chosen. He said his Government had no fixed ideas as to the possible location for such a Commission.

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[20] Christian Jacquin de Margerie, conseiller de l'ambassade de France aux États-Unis. Christian Jacquin de Margerie, Counselor of Embassy of France in United States.

(b) A high level body, which has been referred to by M. Bidault as the "High Atlantic Council", the function of which would be to undertake the long-term problem of coordinating on a trans-Atlantic basis the North Atlantic Treaty Organization with the activities of existing European bodies such as the O.E.E.C. This body would be concerned with non-military activities and would include countries who were not signatories of the North Atlantic Treaty as well as North Atlantic Treaty members. He indicated that the French Government would request a study of their proposals at the meeting of the Council.

8. The Chairman suggested that the Working Group would probably have to meet again to discuss the question of additional central machinery. He said that the United States Government's views were by no means clear on the question yet.

9. The United States representative also touched upon Item 3 on the agenda — "review of and exchange of views on world political developments...". He said that Mr. Acheson would probably take the occasion of the discussion on the German question, requested by ourselves, to bring up questions relating to the East German zone and would probably have some proposals to make on this matter.

10. There was also a brief discussion on procedural questions particularly arising out of discussions which have taken place in London in the "Shuckburgh Committee".[21] Apparently this Committee had made the suggestion that there should be no public meeting at the commencement of the Council session and only a public meeting at the end. The reason put forward for this proposal was that the Foreign Ministers would probably have more to say at the end of the discussions than they would at the beginning of their meetings. Our representative took the position that the Working Group in Washington had already considered the matter and that the consensus in the Working Group had been in favour of opening with a public meeting and leaving it to the Foreign Ministers to decide the manner in which they would conclude their discussions. It was agreed that the "Shuckburgh Committee" would be informed that the Working Group were not disposed to re-open consideration of this matter, although the French representative gave some support to the suggestion which had been made from London.

11. Several representatives expressed the view that the "Shuckburgh Committee" should concern itself at the present time with procedural and administrative questions only. The Chairman suggested, however, that when the respective delegations had individuals in London who were briefed to deal with substantive matters, it would probably be necessary to transfer the work now being done by the Working Group in Washington to London. It was agreed, in the meantime, that the "Shuckburgh Committee" would be informed of the discussions in the Working

[21] Le comité préparatoire de la réunion des ministres des Affaires étrangères des États-Unis, de la France et du Royaume-Uni s'est réuni la veille de la réunion de mai 1950 du Conseil de l'Atlantique Nord. Charles A.E. Shuckburgh, chef du département des Organisations occidentales du Foreign Office du Royaume-Uni, en fut le secrétaire général.
The Preparatory Committee for the meeting of the American, French and British foreign ministers gathered on the eve of the May 1950 meeting of the North Atlantic Council. Its Secretary-General was Charles A.E. Shuckburgh, Head of the Western Organizations Department of the Foreign Office of the United Kingdom.

Group in Washington through the respective Governments in order to avoid duplication of effort.

499. DEA/50030-A-40

Extrait du compte-rendu

Extract from Report

TOP SECRET [Ottawa, n.d.]

REPORT ON THE LONDON MEETING OF THE NORTH ATLANTIC COUNCIL (MAY 15 - 19, 1950)

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TOP SECRET June 9, 1950

NORTH ATLANTIC COUNCIL MEETING IN LONDON (4TH SESSION)
SUMMARY OF REPORT, MAY 15 - 19

1. The North Atlantic Council meetings held in London from May 15-19 offered the first opportunity for a full-dress review of the work of the North Atlantic Organization since its establishment. Hitherto Council meetings had been largely *pro forma* to approve recommendations of subordinate bodies. But the Treaty organization having now been established for some eight months and work having begun under its various committees, a review of progress and discussion about future policy was due. At London, for the first time since the first meeting in September last, the Foreign Ministers of all the Parties were present. The Council meetings, moreover, were preceded by extended discussions on foreign affairs including North Atlantic matters between the Foreign Ministers of the United Kingdom, the United States, and France. Although the sessions were short (four days in all) there was much more time for discussion than at previous Council meetings.

2. For the first time, the Council agenda permitted of a general discussion on world developments as they affected the North Atlantic area. This part of the session was, however, rather disappointing. It had been hoped that the "Big Three" would be prepared to reveal the results of their talks together preceding the Council meetings, but despite prodding by Mr. Pearson and others, the "Big Three" contented themselves with broad generalities, and carefully side-stepped giving information to the Council about their discussions, except incidentally to the discussion on other items on the agenda. On the other hand, the Council meeting did provide a useful occasion for informal discussions between Foreign Ministers and between officials outside the meetings.

3. The most important problem with which the Council was required to deal was the report of the Defence Committee regarding the Medium Term Plan. It was evident that the so-called Medium Term Plan was not really a military plan for the defence of the North Atlantic region, but a summation of the four regional plans (no plan was put in for the North American region) which had been hastily thrown together in order to meet the United States timetable for release of aid under the M.D.A.A. As General Bradley had described the plan, it was merely a "first approximation of forces required" and a great deal of refinement was needed, to say the least. It was clear that the deficiencies in force requirements listed were far beyond total present budgetary appropriations of the North Atlantic area, and if implemented might well strain severely the financial and economic positions of

certain members. Although there was no direct discussion on the estimate of force requirements, there was an underlying assumption in the discussions that the present Medium Term Plan was unrealistic and could safely be scaled down.

4. Three major conclusions were reached by the Council:

(a) It recommended that members proceed as rapidly as possible with the build-up of their defence forces on the basis of "balanced collective forces rather than balanced national forces." A resolution to this effect was introduced by the United States, but was initially opposed by Mr. Schuman of France, and questioned by Mr. Lange of Norway among others. Mr. Schuman's view was that since France had commitments outside of Europe, France required balanced national forces, and that in any event there was no necessary incompatibility between the principles of balanced collective forces and balanced national forces. Mr. Lange pointed out that the peoples of Europe having been over-run once demanded security and that the principle of balanced collective forces should take account of this demand. He pointed out that in the event of aggression Norway would be remote from the location of tactical and strategic reserves and might need balanced national forces to hold the enemy. Mr. Acheson, while recognizing that certain countries and regions had special problems, strongly supported the principle of balanced collective rather than balanced national forces on the ground that it was the only way that adequate defence forces for the North Atlantic area could be financed. The United States resolution, after amendment to take account of criticism in the Council, was unanimously approved. Although this principle was perhaps implicit in the paper on strategic Guidance, previously accepted by all North Atlantic members, express approval of the principle by the Council will now ensure that it becomes a basic principle of NATO planning, as well as a guide to members for progressive build-up of national forces, and probably as a guide to the United States Administration in its distribution of mutual aid appropriations.

(b) There should be adequate forces in being and on the spot to fight successfully the initial battle. A resolution to this effect was introduced by the French and after considerable discussion and amendment by the United States to provide that the principle was accepted subject to NATO plans, the French proposal was accepted unanimously. This principle perhaps modifies the principle of balanced collective forces, but in any event would seem to entail the provision of more forces in being in the three European regions to meet the initial attack than if defence plans merely called for liberation and final victory; and it would tend to give assurance of more immediate assistance to continental European countries by non-continental countries in the event of aggression.

(c) It was agreed that Deputies to the Foreign Minister should be promptly appointed by all members to provide for continuous supervision and more effective co-ordination of North Atlantic organizations.[22] The Deputies are to have their headquarters in London. This arrangement was evidently agreed to by the United

[22] Dana Wilgress, haut-commissaire au Royaume-Uni, a été nommée délégué auprès du Conseil de l'Atlantique Nord (- juillet).
Dana Wilgress, High Commissioner in United Kingdom, was appointed Deputy to the North Atlantic Council (July-).

States, the United Kingdom, and France before the meetings, although the draft resolution was presented by the United Kingdom.

5. Other steps taken were: approval of the establishment of a North Atlantic Planning Board in Ocean Shipping, as recommended by the Working Group in Washington; approval of studies initiated by the Defence Committee and the Defence Financial and Economic Committee; approval of a United States resolution urging members to make their "full contribution through mutual assistance in all practicable forms to achieve the integrated strength necessary for the defences of the North Atlantic area."

6. The association of the United States and Canada on a permanent basis with O.E.E.C. (subject to formal invitation from O.E.E.C.) was agreed to outside the Council, but was announced during the meetings. The Canadian view with regard to the North Atlantic Treaty from the outset has been that it must be more than a mere military alliance, and during the negotiations leading to the Treaty Canada was successful in obtaining the inclusion of Article 2, which provides among other things for economic co-operation between the members. No machinery had however been provided for carrying out Article 2, nor had it been agreed that machinery is needed. On the other hand, with the approaching end of Marshall Aid (1952), it was felt that some continuing association for economic co-operation between both sides of the Atlantic was necessary. One difficulty about established machinery under Article 2 is that some European countries, notably Sweden, Ireland, and Switzerland are not Parties of the North Atlantic Treaty, although they wish to continue close association with North American countries. On the other hand, they are members of O.E.E.C. The association of the United States and Canada with O.E.E.C. seemed for the time being to meet the difficulty.

7. It was apparent from the outset of the North Atlantic alliance that it would be little more than a paper alliance unless the United States were prepared to support it actively. The United States has, however, taken an active lead, and at the meetings in London it again demonstrated that it attaches real importance to the Treaty and is prepared to continue strong support. During the course of the meetings Mr. Acheson, as has been noted, strongly supported the principle of balanced collective forces. He also supported in principle the French thesis that there should be sufficient forces in being to fight successfully the initial battle. Mr. Acheson also indicated clearly during the meetings (and evidently more explicitly in the preceding Three-Power conversations) that, at least as far as the United States Administration is concerned, they are fully aware of the necessity for continued economic support for Europe beyond 1952, and active steps are being taken to meet the need. The general conclusion which emerges from the meetings is that the United States, morally at least, is committed to continued economic and military support of Europe more definitely than heretofore.

8. Yet, if further mutual aid is to be forthcoming, the United States Administration are obviously under the necessity of being able to convince Congress that other North Atlantic Treaty members are assuming their fair share of responsibility. Moreover, it would seem that the Administration are now thinking more in terms of aid for defence than of aid for economic recovery. Mutual aid agreements with

European members worked out under last year's Mutual Defence Assistance Act provided that European members should give priority to economic recovery. It is not without significance that the United States representatives at the Council in their resolution approving a recommendation of the Defence Committee that the Defence Financial and Economic Committee should launch an enquiry into the potentialities of the Treaty nations to support additional military appropriations, proposed that in this enquiry considerations of defence and of recovery should be given equal priority. It is also significant that the United States representatives pressed for and secured the adoption of a resolution recommending that "each Party make its full contribution through mutual assistance in all practicable forms to achieve that integration in strength necessary for the defence of the North Atlantic area," and that Governments should "supply the necessary instructions to facilitate and hasten the implementation" of this recommendation. Pressure on any member who appears to be leaning on its oars may perhaps be anticipated.

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SECRET

ECONOMIC COLLABORATION

COUNCIL DISCUSSION ON FURTHER COLLABORATION UNDER ARTICLE 2

64. The importance of close and lasting economic collaboration was emphasized at various points during the Council meeting. In the discussion on the reports from the Defence Committee and the Defence Financial and Economic Committee, it was observed by several Ministers that economic collaboration (as well as internal economic stability) was essential even to the strengthening of the Area's military defences. It was also recognized that, quite apart from questions of military strength, Article 2 of the Treaty imposed on the signatory countries the obligation to collaborate on economic matters and to avoid conflicts in their international economic policies. As Count Sforza remarked, this Article has come to be regarded as "one of the most precious assets of the Pact". Finally, the importance of further evidence of effective economic collaboration was underlined in Mr. Acheson's opening remarks, when he intimated that the review of United States economic policies which had recently been undertaken would be assisted by such collaboration:

> "Under the direction of the President of the United States, we have established in Washington a Cabinet Group which is working out with great diligence the steps which are necessary to be taken by the United States in order that it may play its part in continuing close economic relationship with Western Europe, and we are sure that the Western European nations will wish to study what can be done within Europe and together we can study and act upon the steps which must be taken on both sides of the Atlantic to bring about a closer relationship, a continuing relationship, and a growing strength in the whole Atlantic community".

65. Mr. Acheson re-emphasized this point at the Fourth Meeting of the Council:

"As was mentioned earlier in our opening session President Truman has directed that under the leadership of a former Secretary of the Army, Mr. Gordon Gray, and as a matter of urgency we proceed at once to get the Governmental position clear of what we should do post 1952, and, in some respects, before 1952 to carry on the association which the United States has had with Western Europe. That work is proceeding very urgently in the United States, and it would be most helpful indeed to have a body in Europe which would co-operate with our efforts under what would be a continuing relationship".

66. Mr. Pearson stated, in the following terms, the problem of increasing the collaboration envisaged in Article 2:

"We have laid the foundation of the North Atlantic community, and we are now approaching, I suppose a much more difficult stage in our work, where we have to contemplate the conversion of some of these principles into performance, which is, of course, always more difficult than agreement on principles. In this I include the question which is dealt with in Article 2 of the Treaty, the question of economic and social co-operation. I hope that during our meetings we will try to clear up in our minds what we mean by the obligation we have all undertaken in that Article, what we can do to begin to carry it out, and how we can relate the obligation of economic collaboration which we have undertaken in that Article to the wider and possibly more important obligation of economic co-operation in the Western world generally. So, Mr. President, I hope we may be able to agree to deepen and make more practical collaboration among ourselves and consider how we can relate that co-operation generally, at least in certain fields of activity, to wider international co-operation".

67. Although the need for economic co-operation was clearly recognized at an early stage in the Council meeting, there was considerable discussion — and some difference of opinion — on the best method of promoting such co-operation. Four groups of suggestions were put forward:

(a) *An ad hoc committee might be established by the Council to explore the question of continuing and improving economic collaboration.*

This suggestion was mentioned by Mr. Lange of Norway who thought that it would be difficult at this stage to choose between a broad organization for Western economic co-operation (consisting of the OEEC countries supplemented by the United States and Canada) and an economic body "within the framework of the North Atlantic Treaty Organization". He thought that a choice between these alternatives should be deferred and that the problem should be studied further before any decision is taken concerning permanent arrangements. He observed that if a permanent group of Deputies was to be established the problem might be studied by that group rather than by an ad hoc committee. As the discussion developed Mr. Lange did not press his tentative suggestion for the establishment of an ad hoc body to study this particular question.

(b) *The question of any further action to be taken under Article 2 of the Treaty might be studied by the Deputies.*

This possibility had been mentioned by Mr. Lange and was envisaged in paragraph (e) of the first United Kingdom draft resolution regarding the establishment

of more effective machinery under the N.A.T.O., which had provided that the Council, or the Deputies, acting for the Council, "should consider what further action should be taken under Article 2 of the Treaty".

(c) *The OEEC, with the co-operation of the United States and Canada, might study the question of economic collaboration or might even itself become the permanent machinery for economic co-operation.*

This suggestion was pressed particularly by Dr. Stikker of the Netherlands. He noted that, in any event, the OEEC would have to study the question of the relationship between the dollar area and Western Europe after 1952 and that any study of this subject which might be undertaken within the NATO would largely duplicate this work. He felt that if both OEEC and NATO were to undertake similar studies, there would not be sufficient experts to perform both tasks. There would also be considerable difficulty in co-ordinating the results of two such studies. Dr. Stikker thought that OEEC had the experience on which to base an investigation of this problem and would also have the advantage of participation by Germany and the "neutral" countries, which would not be practicable in any purely NATO project. If the OEEC were to be entrusted with this study Dr. Stikker expressed the wish that the record should indicate the desire of the other OEEC countries in the Council that Canada and the United States should be associated with the study through OEEC.

Mr. Schuman also felt that co-operation should be secured between the European members of the OEEC and the United States and Canada and that such co-operation should extend beyond the period of the Marshall Plan. He thought, however, that the problem of long-term co-operation should also be studied within NATO, although he did not want eventual collaboration to "exclude any free European country".

Similar views concerning the desirability of extending economic collaboration to include countries outside the Atlantic Pact were expressed by Count Sforza, Mr. Lange, Mr. Rasmussen (of Denmark) and several other Ministers.

(d) *The question of further action under Article 2 of the Treaty might be studied by the Deputies, "taking into account the work of existing agencies in this field".*

Commenting on Dr. Stikker's suggestion that an expanded OEEC might be given the responsibility for looking into the question of longer-term economic collaboration, Mr. Pearson remarked that the OEEC is regarded as an organization for *European* co-operation, whereas Article 2 is concerned with co-operation not only between European countries but also between European countries and North America. He noted Dr. Stikker's suggestion that the United States and Canada might in some manner be associated with the OEEC for the discussion and examination of questions relating to such broader co-operation. He observed that, "Possibly this might be done". He expressed the opinion that "some effective action in regard to this matter might be taken during the week" but he did not consider such an association with the OEEC to be necessarily inconsistent with the undertaking of a study by NATO. In fact, he thought that such a North Atlantic study might avoid duplication by enabling a central group to review the whole position, including the functions of existing agencies such as the OEEC, the Council of Europe, the Brus-

sels Treaty Organization, and so on. In order to ensure that duplication would be avoided, the instruction to the Deputies might note "that there are already agencies for economic co-operation and that in the examination to be made under Article 2 this fact should be kept in mind". He thought it essential that any resolution emerging from the Council meeting should make it clear that "Article 2 is still an important part of our Pact and we should do what we can to implement the ideals embodied in Article 2 whether we do it in the North Atlantic Treaty or through one of the other existing organizations, or whether we do it in some other way".

68. As indicated above, Mr. Schuman, Count Sforza, and several other Ministers agreed that the instructions to the Deputies should include provision for a study regarding the application of Article 2 even though some modification of the language might be required to ensure that such a study would take account of existing agencies.

69. The approach of the United States delegation to the question was given by Mr. Acheson in the following form:

> "May I say briefly that the question of what my country can do in future co-operation with Europe was discussed in the tripartite discussions which took place between Mr. Bevin, Mr. Schuman and myself. After those discussions took place we had the opportunity of discussing the matter with Mr. Pearson so that we could broaden the whole question of what North America could do, the action which it should take and could take and the points came out exactly as Mr. Lange has mentioned, that a decision could not be reached because other countries were involved and study was required; ... So far as function is concerned, it would seem to me that there are two matters that we should consider. One is the economic aspects of defence of a very specific nature, those would seem clearly to be matters which relate primarily to this group here. The other is the broader economic matter of strengthening the entire economy of Europe and bringing the economies of North America into continued relationship. In regard to that second part we then have the question of time. The first point is how would you proceed immediately, in the immediate future to deal with that, and there the importance of the OEEC which Mr. Lange has mentioned is very obvious. So far as the more distant future is concerned, the question is what permanent relationship should be set up, and that obviously requires a great deal of study and thought, as Mr. Lange has said...".

70. In the end, it was decided that paragraph (e) of the resolution regarding new machinery should read:

> "Consider what further action should be taken under Article 2 of the Treaty, *taking into account the work of existing agencies in this field*".

71. Two other aspects of the study relating to Article 2 were also discussed at the Council meeting. These had to do with the question of the priority to be assigned to the study regarding Article 2 and the question of whether this study could be undertaken only in London.

72. The first United Kingdom draft had stated flatly that "first priority in the work of the organization should be given to points (a) and (b)", i.e., to the points relating to defence planning and financing. Mr. Pearson expressed the hope that the

final text "would not give the impression that no examination or activities under (e) need be initiated until (a), (b), (c) and (d) have been discussed and dealt with". He added that, "I think it is obvious that first priority should be given to (a) and (b) of the terms of reference, but I hope that will be put in such a way as not to minimize the importance of the other subjects which are enumerated". Several Ministers, including particularly Mr. Lange, expressed similar views. Accordingly, the text was redrafted to read:

"*Without minimizing the importance of any of the points listed above*, first priority in the work of the Organization should be given to points (a) and (b)".

Mr. Lange enquired whether the reference in the resolution to the fact that "the Deputies will meet in London" would prevent them, or their sub-committee, from meeting in Paris or in any other location that might be convenient for the discussion of the matters involved in Article 2. Mr. Acheson replied that, in his judgment, this phrase was not to be taken as meaning that the Deputies could not meet anywhere else, but merely that "their headquarters will be in London".

73. Although there were various references to "social and cultural" activities under Article 2, the discussion at the Council meeting was concentrated largely on economic collaboration. The instructions to the Deputies are, however, sufficiently broadly worded to enable them to consider what further action should be taken in respect of any subject covered by Article 2.

PRIVATE CONVERSATIONS AMONG THE UNITED STATES, UNITED KINGDOM, FRANCE AND CANADA CONCERNING RELATIONS WITH THE OEEC IN THE IMMEDIATE FUTURE

74. During the tripartite (U.S., U.K., France) meetings which preceded the Council session, France initiated a discussion on the subject of long-term economic relationships between North America and Western Europe.[23] In the course of those talks, there was apparently a fairly definite difference of opinion between France and the United Kingdom.

75. It is understood that the French favoured some form of permanent association between the OEEC countries on the one hand and the United States and Canada on the other. They were opposed to the establishment of an agency under the aegis of Article 2 of the North Atlantic Treaty for two reasons. In the first place, they thought it would be unrealistic for the countries of Western Europe to discuss problems involving long-term economic relations without the co-operation of Germany and the other "neutral" countries of Europe which were not parties to the Treaty. At the same time they were not prepared to contemplate the admission of Germany into the circle of North Atlantic countries even for the purpose of economic discussions. In the second place, they were very much opposed to the establishment of any new international body which would overlap or duplicate the functions of existing agencies such as the OEEC. In addition the French may have thought (although they did not say it) that for domestic political reasons it would be preferable to continue economic collaboration outside the North Atlantic Treaty at the present stage in view of the rather military flavour given to the Treaty in French

[23] Voir *DREC*, volume 15, Chapitre VII, 5e Partie./See *DCER*, Volume 15, Chapter VII, Part 5.

political controversy. In any event, the French are understood to have taken the position that long-term relationships between Western Europe and North America should be worked out through an expanded OEEC rather than through any new machinery directly related to Article 2.

76. The United Kingdom (and particularly the Foreign Office), on the other hand, did not wish to accept the OEEC arrangement as permanent beyond the period of ECA assistance, and were even averse to using the OEEC machinery for studying what sort of longer-term arrangement might be required. United Kingdom officials thought it possible that Germany and the other "neutrals" might be associated with economic and social arrangements (which might be kept quite separate from the military arrangements) under the North Atlantic Treaty at an earlier date than the French apparently were prepared to envisage. In any event, if some arrangement under Article 2 was not immediately practicable, United Kingdom officials wished to avoid any decisions at this stage which might appear to fix the relationship of their country to Europe and which might seem to establish the basic pattern for long-term co-operation in economic policies between the countries of Europe and the countries of North America.

77. The United States representatives apparently did not share the anxiety of the French to steer the consideration of economic problems away from the North Atlantic Treaty Organization, but, at the same time, they found attractive the French suggestion for some immediate relationship between North America and the OEEC countries. For the purpose of assisting Mr. Gordon Gray's group in Washington, it appeared to them easier and more expeditious to use such existing machinery than to await the creation of any special machinery under the Treaty.

78. These various points of view were brought out in the preliminary conversations regarding Article 2 which took place among United States, United Kingdom, French and Canadian representatives on the first day of the Council session. As a result of these conversations, it appeared that, without prejudging the nature of any longer-term arrangement which might eventually be made, it would be desirable for some closer relationship to be established between the United States and Canada on the one hand and the OEEC on the other to facilitate collaboration on the more immediate economic problems involving both Western Europe and North America. A statement was drafted on the following day expressing the hope that the United States and Canada would be invited to establish, on an informal basis, a working relationship with the OEEC. This draft statement took note of the fact that the North Atlantic Deputies would be considering what further action should be taken under Article 2 of the Treaty and also noted that "formal organizational" arrangements might be required in the future for that purpose.

79. The proposed interim arrangement appeared to have many advantages:

(a) From the Canadian point of view it would provide an immediate opportunity for participating in the discussion of certain policies and developments in Europe which were causing concern. Moreover, to the extent that it might help to influence United States policies in the right direction, Canada would probably stand to benefit at least indirectly. While this informal arrangement would provide evidence of constructive action relating to Article 2, it would not significantly prejudge the

nature of any more permanent arrangements under that Article which might be desired, particularly since the Deputies would be considering, at the same time, the question of further action under Article 2.

(b) From the United States point of view, this arrangement should reinforce the efforts of Mr. Gordon Gray's group.

(c) From the French point of view, it would make possible a degree of collaboration between North America and Western Europe in the immediate future without raising the question of Germany's status in relation to the North Atlantic Treaty.

(d) From the point of view of other OEEC countries particularly concerned about their relations with the "neutrals", it would make continued collaboration possible, at least for the time being, without raising embarrassing questions concerning the relationship of these "neutrals" to the North Atlantic Treaty.

(e) From the United Kingdom point of view, the non-permanent character of the arrangement (unless later it should generally be decided to continue it) and the fact that no new machinery would be set up at this stage, were doubtless attractions.

It was envisaged that the proposal for such an arrangement would be embodied in a statement which the Ministers of the United States, United Kingdom, France and Canada might make after the Council session. It appeared both impracticable and undesirable to attempt to have the statement made by all the Ministers on the North Atlantic Council. In the time available, it seemed impracticable to seek the agreement of all twelve Ministers on the Council to a single text. Even if such agreement might have been secured, it appeared undesirable, in any case, to have the statement identified as a recommendation of the entire North Atlantic Council since it might then have seemed that the OEEC was being converted into a North Atlantic body with consequent embarrassment for the "neutrals".

80. Accordingly, the concurrence of the other North Atlantic Ministers was not sought. In fact, since the statement was only being worked out as the Council session drew to a close (and agreement on the substance of the statement was secured only late on the 17th of May), it was not possible even to inform the other members of the Council that such a statement was likely to be issued on behalf of the four governments. Oblique references to the fact that conversations on this subject might be taking place among the four countries and that something might be arranged were made during the Council's discussions on May 17th by Mr. Acheson and by Mr. Pearson, as indicated in the section of this report dealing with Article 2. It also appeared from the general discussion on Article 2 in the Council that other Ministers, particularly Dr. Stikker and Mr. Lange, would welcome some closer association between North America and Western Europe through the OEEC. It was understood that the French and United Kingdom delegations were probably keeping the other interested OEEC countries informed on the progress of these private conversations. The Canadian delegation also hinted, in talks with Dr. Stikker and Mr. Lange (and with the Irish High Commissioner, whose Government had previously taken considerable interest in the possible association of Canada with the OEEC) that something along these lines might develop. At the closing meeting of the Council, however, it became apparent from informal conversations that several of the other interested Ministers, including Dr. Stikker (who is the Chairman of the

Council of OEEC), were not aware at least of the precise form or timing of the proposed statement. The text of the statement, which had been put in final form only that morning, was then shown to Dr. Stikker, who appeared somewhat unhappy about it. Following a hasty conversation, it was agreed with him that the words "after consultation with the Chairman of the OEEC" should be inserted before the words "stated their hope" in the third paragraph of the text. Copies of the text were then shown informally also to Mr. Lange and to Count Reventlow, the Danish Ambassador.

81. The text of the statement by the Foreign Ministers of the United States, United Kingdom, Canada and France was released for publication at the same time as the general communiqué of the North Atlantic Council. The final text is attached to this report. Later the same day Mr. St. Laurent read the text of the announcement to the House of Commons and made a statement on the subject. The text of the Prime Minister's statement is also attached. (Since the Council meetings, invitations to the United States and Canada have been issued by the Council and accepted)

PRIVATE CONVERSATIONS REGARDING CONTINUING ARRANGEMENTS FOR ECONOMIC CONSULTATION AMONG THE UNITED STATES, UNITED KINGDOM AND CANADA

82. Prior to the Council meeting it had been contemplated, particularly by the United Kingdom, that Mr. Acheson, Mr. Bevin and Mr. Pearson might have a private conversation regarding progress in the "A.B.C." tripartite consultations at the official level in Washington and regarding the possibility of a meeting before the end of this year of the ministerial group from the three countries which had met in Washington last September.[24]

83. In preparation for such a conversation, a brief memorandum was prepared by officials from the three countries. Originally the memorandum was accompanied by an appendix, indicating the progress, or lack of progress, made in dealing with the various subjects assigned to the "A.B.C." tripartite official group in Washington. Since it was felt that even the routine review of progress presented in this appendix might raise questions of substance, it was decided to discard the appendix and to submit only the covering memorandum to the Ministers. Even the remaining memorandum (of which the text is attached) was not, however, discussed jointly by the three Ministers. Apparently it would have been difficult to have held such a joint conversation in London, even though questions of substance might have been left out of the discussion, without bringing in Sir Stafford Cripps. It was equally apparent that Mr. Acheson would have found difficulty in taking part in any such conversation, in the absence of Mr. Snyder, if Sir Stafford Cripps were to be present. Such considerations, as well as the pressure of other activities, prevented any formal conversation between the three Ministers on the subject of the "A.B.C." tripartite arrangements. Each of the Ministers did, however, indicate separately his attitude towards the points raised in the memorandum.

[24] Voir/See *ibid.*

84. On the United Kingdom side the memorandum was approved by Mr. Bevin and the other United Kingdom Ministers concerned. Mr. Acheson and Mr. Pearson saw the memorandum and, without approving it textually, indicated their general agreement with the recommendation that the present arrangements for tripartite consultation in Washington should be continued and that a further meeting of the Ministers concerned from the three countries should probably be held this year some time after September.

85. Mr. Acheson stated that he would not wish to come to any definite conclusion regarding arrangements for a ministerial meeting later this year until he could discuss the date, place and other details with Mr. Snyder and Mr. Hoffman.

86. Mr. Pearson indicated similarly that he would not wish to express a definite view on the possible arrangements for a ministerial meeting until he could discuss the matter with Mr. Abbott and other ministerial colleagues. Mr. Pearson also suggested that if the text of the memorandum were to become a formal document the words "all the" might be deleted before "Ministers concerned" in the first sentence of paragraph 6, since in fact it might prove either impracticable or unnecessary for the whole group of Ministers who met in Washington last September to reassemble for any meeting which might be arranged for the latter part of this year.

3e PARTIE/PART 3

POLITIQUE DE DÉFENSE ET D'AIDE MUTUELLE
DEFENCE AND MUTUAL AID POLICY

500. PCO

Note du secrétaire militaire du Comité du Cabinet sur la défense pour le Cabinet

Memorandum from Military Secretary, Cabinet Defence Committee, to Cabinet

CABINET DOCUMENT NO. 8-50 [Ottawa], January 5, 1950

TOP SECRET

NORTH ATLANTIC DEFENCE ORGANIZATION:
OFFER OF TRAINING FACILITIES

1. At a meeting of the Cabinet Defence Committee, on 22nd December, 1949, a proposal to offer a limited number of vacancies at Army and R.C.A.F. training establishments to the Armed Forces of North Atlantic Treaty countries was considered. It had previously been ascertained through informal discussions that such an offer would be welcomed by the majority of participating European countries.

2. Without increasing capital plant or instructional staffs, the Canadian Army could offer 149 vacancies at the various Corps schools. Under the same conditions, the Royal Canadian Air Force could provide instruction for 50 pilots and 50 navigators. All personnel administration, including rations, laundry, transportation in

Canada, and medical care, would be provided by the Canadian Armed Forces; the cost of transportation to and from Canada and the pay and allowances of the personnel under training would be borne by their respective governments.

3. The charges for this scheme would be absorbed in the normal Service appropriations and would not be the basis for a special appropriation.

4. At a future date, it is possible that arrangements of a similar nature may be made by other North Atlantic countries and that Canadian Service personnel will participate on a reciprocal basis.

5. In order to indicate Canada's willingness to assist as far as practicable in the development of the North Atlantic Defence Organization, Cabinet Defence Committee felt that the offer of training facilities should be made with the least possible delay and that the invitation to participate should be extended by the Minister of National Defence to his opposite numbers in the other countries.

6. The Cabinet Defence Committee recommend that approval be given to the proposed scheme of training, subject to the conditions outlined above, and that the Minister of National Defence be authorized to extend an invitation to the North Atlantic countries to participate in this training programme.[25]

J.D.B. SMITH

501. DEA/50030-L-40

Note de la Direction de liaison avec la Défense pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Defense Liaison Division to Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], January 18, 1950

CANADIAN CONTRIBUTION UNDER ARTICLE 3 OF THE NORTH ATLANTIC TREATY

This is the main item on the agenda. Mr. Gill has circulated an explanatory memorandum, attached,† which we drafted so as to place the question before the members of the committee with the least possible bias. Although I know you have followed developments in this field closely, you may find it useful to have us attempt to review the whole problem in the broadest terms, and to hazard some comments on the important questions of policy involved, both international and domestic.

(a) *The Form of Our Contribution*

As your know, Mr. Pierce has favoured the *ad hoc* approach. If Cabinet were asked now to fix a sum which would constitute our contribution to the North Atlantic Organization for the next fiscal year, Mr. Pierce has assumed that the sum would probably be smaller than the total *ad hoc* contributions which the Government might make to meet specific requests based on proven deficiencies. It might

[25] Approuvé par le Cabinet, le 14 février 1950./Approved by Cabinet, February 14, 1950.

be easier for the Government, Mr. Pierce has thought, for our contributions to be financed through supplementary estimates rather than for an overall North Atlantic figure to be included in the budget in a year of declining economic activity and revenue, when there are so many domestic demands upon the Government.

Mr. Wilgress and Mr. Wrong have insistently favoured the announcement by the Government of an *overall figure* for our contribution. Mr. Wrong, in particular, has emphasized repeatedly the necessity for a Canadian contribution of reasonable size if we wish to win the sympathetic consideration of the U.S. Administration and of Congress in meeting our balance of payments difficulties arising from the U.S. dollar content of our military expenditures.

We do not know what the responsible Ministers are thinking, but we think that Mr. Pierce, and perhaps Mr. Robertson, have now come to the conclusion that Mr. Wilgress and Mr. Wrong are probably right; that the political and economic advantages for Canada of an early announcement of our overall contribution outweigh the possible advantages for our European partners in the more flexible procedure of considering each specific request on its merits as it arises. With the probable exception of Dr. Clark, there appears to be general agreement on the official level that an overall figure should be decided and announced fairly soon, or that, at the very least, an announcement of *part* of what we are going to do should be made.

(b) *The Amount*

How much our contribution to aid the defence of our North Atlantic partners should be, in addition to what we are spending on "self-help" on our own domestic budget for defence, is, of course, a question for the Government rather than for officials, but the Government will, no doubt, wish to bear in mind the relative contributions of other countries for 1950-1951 as a rough yardstick of what might be expected from Canada:

Self-Help (Defence Budget) (In millions of $ US)		Mutual Aid (Under Article 3, for other NAT countries) (In millions of $ US)	
U.S.	- 13,500 (?)	U.S.	- 1,000
U.K.	- 2,200 (?)	U.K.	-500 (?)
Canada	- 387 (425 Can.)	Canada	- (?)

From the above very rough table, it will be seen that the probable Canadian defence budget figure is, in proportion to our national income (15:1), less than half the U.S. figure. Again, on the basis of proportional national income, a Canadian contribution of $75 million (Can.) would be approximately equal to what the U.S. is contributing to NAT countries under the Mutual Defence Assistance Act, not taking into account the much larger U.S. contributions for non-military purposes under E.R.P. and for military purposes under the M.D.A.A. to areas outside the North Atlantic Treaty.

(c) *What We Could Contribute*

The Cabinet has agreed that our contribution under Article 3 should probably be made within one or more of the following categories:

(i) provision of training facilities

(ii) provision of raw materials for defence purposes (in addition to our normal exports)

(iii) provision of military equipment available from Canadian production or stocks surplus to North American requirements.

Re (i): Cabinet may soon consider a proposal of Mr. Claxton's that training facilities should be provided in Canada for a sizeable number of Army and Air Force personnel from participating European countries; all expenses in Canada, with the exception of the salaries of those being trained, to be borne by the Department of National Defence within their appropriation. This specific proposal may or may not be raised at the Panel by Mr. Drury. If it is, Mr. Plumptre has suggested that, in order to obtain the greatest political credit abroad for our efforts, a generous estimate might be made of the cost of such training facilities and this item transferred from the defence vote to the North Atlantic vote, assuming there is to be one.

Re (ii): From our preliminary discussions with officials of other Departments, it would seem that the way in which we can most readily contribute, with the least harm to the Canadian economy, is by the provision of raw materials for defence purposes. We know informally that Mr. Bryce has for some time been considering the possibility of stockpiling in the United Kingdom such strategic items as aluminium, wheat, zinc, copper and a few other base metals that we can produce in greater quantity than we can sell either at home or abroad, but we do not know what Dr. Clark's views may be. It would, perhaps, be stretching the word "contribution" too far to consider stockpiling our anticipated food surpluses such as apples, salmon and eggs, but there would surely be a good argument for stockpiling wheat or other stable bulk foods that would have to be carried across the Atlantic, in the event of war, by the hazardous and wasteful process of convoying, at a time when military items would undoubtedly have greater priority. Mr. Robertson and Mr. Pierce are attracted by this proposal. Mr. Pierce regards it as a means of expanding our contribution by possibly retaining title to the goods stockpiled in the U.K. (or in Europe) so that we should not require an item in the budget to cover the transfer, but the goods would none the less be available in the right place and, in the event of war, there would be no difficulty in giving them to our partners who were able to use them. However, it would seem to us more straightforward to transfer title to the North Atlantic Council or Supply Board, if this is legally feasible, and include it on our budget item for North Atlantic.

The only possible objection which we can see to stockpiling in the United Kingdom a major portion of our contribution to North Atlantic defence this year, would be the desire of our continental partners for a proportion of the stock pile to be transferred to their countries — to which there might be some objection on strategic grounds, in view of the vulnerability of the continent at present. Nevertheless, we are taking a calculated risk in all military items which we send to Europe and I suppose that we might just as well stockpile on the continent as in the United Kingdom. By transferring title to the Council or Supply Board, we might avoid having to decide where our stockpile contributions should be stored, and when and how they should be used.

It seems to us that this is a field that should be further explored at the official level and that a paper might be prepared jointly by officials of the Departments of Finance, Trade and Commerce, National Defence and ourselves for the next meet-

ing of the interdepartmental panel. The paper would attempt to set out what strategic raw materials we may expect to have available during the next year, would assess our normal exports of these materials to the other North Atlantic Treaty countries, and would estimate the financial cost which would be involved if the Government were to purchase any surpluses.

Re (iii): The third kind of contribution considered by the Cabinet (the provision of items of military equipment from production or stocks) raises a serious difficulty not encountered in considering the other two kinds of possible contribution — the U.S. dollar content of our military equipment. We understand from Mr. Pierce that it is, in fact, unlikely that we shall have any substantial surplus production capacity in those lines in which our European partners are deficient and which they cannot more economically obtain from the United States. Although offshore purchases for European account are permitted under the M.D.A.A., it seems probable that in nearly all required items, U.S. mass production will undersell Canadian plants organized on a smaller scale. No renewal of the Hyde Park Agreement seems to be on the horizon. Considering the declining level, to take only one example, of the U.S. aircraft industry, it is difficult to see how Congress will swallow the deal which we have been trying to make with the U.S. Military Establishment for selling them F-86 aircraft. The procurement of military equipment in Canada for European account under M.D.A.A. would be one means of helping to balance our international payments with the United States on military equipment, but, as we have suggested, it does not appear to us to be an approach to the problem on which we could count, even if we win the sympathetic consideration of the Administration and a number of Congressmen by making a respectable contribution to North Atlantic defence. All that Canada can hope from the United States, we suggest, is that

(a) they might be prepared to consider as part of their contribution the U.S. dollar content of Canadian military production which we may *give* to other NAT countries, and,

(b) some relief from the "full cost in advance" provisions of the M.D.A.A.

Further, even if our production of needed military equipment was found to be competitive with that of the United States and some satisfactory arrangements were made for covering the U.S. dollar content of such military equipment, we must still consider whether, in fact, we are going to have any appreciable surpluses of military equipment from production now in progress or foreseen. Mr. Pierce doubts that Canadian automobile manufacturers, for example, are going to be much interested in switching to some lines of military vehicles when they can sell at a profit all the ordinary civil types they can make. The establishment of plant capacity in the United Kingdom to produce picrite when we have idle capacity at Welland is an example of the sort of production problem that should have been avoided (but probably would not have been) had the North Atlantic Organization been in operation a year or two earlier. All we can foresee in the immediate future is the possibility of producing some *ships* (in which we are in competition with a number of European NAT countries) and such electronic devices as *radar* and *proximity fuses* (in which we can hope to compete effectively), but our capacity to produce should probably be more carefully studied in conjunction with the Departments concerned.

(d) *Standardization*

Another technique which might be considered as a means of overcoming not only our procurement difficulties but those of other countries which are short of U.S. dollars, might be by means of a radical standardization of military production throughout the North Atlantic area. Mr. Robertson has been thinking about the possibilities of such an approach. If it were possible, for example, for all twelve countries to agree to standardize on the Canberra jet bomber, the U.K. would be able to produce this bomber not only for the European countries, but also for the U.S. and Canada. Instead of defence expenditures being a drain on dollar sources, standardization could be turned into a means of earning dollars. The types of equipment would probably, in most cases, be American, but the best of the British and European designs might also be chosen and accepted as standard for U.S. and Canadian forces. Where U.S. lines were to be made in Europe, M.D.A.A. could cover at least part of the cost of the machine tools necessary for their production. In this way, the European countries might at least be able to earn enough dollars to pay for those items of military equipment which they will have to buy from the United States.

The proposal has many attractions, particularly when the long term European disequilibrium with the United States after 1952 is considered, but the political difficulties from the U.S. point of view, in accepting cutbacks on military production in the United States so as to enable certain types of equipment to be produced for them in Europe, appear almost insuperable, as our own difficulties with the F-86 already indicate. Mr. Pierce thinks that the only type of radical standardization which it is practicable to consider is to apportion the production of *new* types of military equipment, such as guided missiles and various electronic devices. However, even in this field, the urgent desire of the U.S. authorities to concentrate, for example, all atomic production in the United States will not make it easier for the logic of the argument to carry the day.

The vulnerability of Europe is another argument against this sort of standardization which could only be carried through by creating stand-by plants in North America for all major items being produced primarily in Europe; and this, too, would be expensive for the U.S. and Canada.

[J. GEORGE]

502. DEA/50030-L-40

Note de la Direction de liaison avec la Défense pour le chef de la Direction de liaison avec la Défense

Memorandum from Defence Liaison Division to Head, Defence Liaison Division

TOP SECRET Ottawa, January 26, 1950

CANADIAN CONTRIBUTION TO NORTH ATLANTIC

You will recall that at the last meeting of the Panel on Economic Aspects of Defence,[26] Mr. Robertson said that he thought budgetary considerations would prevent the Government from deciding to make a lump sum contribution under Article 3 of the North Atlantic Treaty, and that for this reason, it looked as if we should expect an *ad hoc* approach, at least for the fiscal year 1950-1951.

I have been thinking of possible alternative ways in which a lump sum contribution might still be considered, for the reasons which have been brought out so strongly by Mr. Wilgress and Mr. Wrong. Although there may be many technical difficulties, it would simplify the Government's political problem if, in some way, part of the surplus which it is expected we shall have in the present fiscal year, could be earmarked for North Atlantic. I have not gone into this rather delicate matter, as there may be insuperable difficulties that have not occurred to me, but if you think the suggestion has any merit, I should like to explore it further with those who are familiar with our budgetary procedures.

What I have in mind at the moment is that a supplementary vote might be passed during the current fiscal year authorizing the Government to spend up to whatever total sum our contribution is to be, and placing this amount in the category of future year commitments. In other words, we shall be spending part of our revenue surplus for this fiscal year during the next fiscal year, as is done with a large fraction of the votes of such departments as National Defence. The Government might be able to justify this questionable accounting procedure on the grounds that some of our other North Atlantic partners have already announced the amounts which they will be contributing to the alliance and it would be of great assistance for planning purposes for the organization as a whole to know that they could count on Canada to contribute a definite amount.

For the last two or three years, the Department of Finance have consistently (and no doubt quite deliberately and wisely) under-estimated our revenues. Last year, we had a large surplus and I understand that we can expect a sizeable surplus this year, although one that will be smaller than last year. Even if this year's surplus is only about half of last year's, our contribution under North Atlantic would probably

[26] Cet entretien ne figure pas au procès-verbal du Comité sur les aspects économiques des questions de la défense.
This discussion was not recorded in the minutes of the Panel on the Economic Aspects of Defence.

come to less than a quarter of the surplus, allowing for the retirement of another segment of the public debt.[27]

J. G[EORGE]

503. DEA/50030-K-40

Note de la Direction de liaison avec la Défense pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Defence Liaison Division to Under-Secretary of State for External Affairs

SECRET Ottawa, February 15, 1950

ITEM NO. 4 ON THE AGENDA FOR THE FEBRUARY 16 MEETING OF THE PANEL ON ECONOMIC ASPECTS OF DEFENCE QUESTIONS

NORTH ATLANTIC TREATY: POSSIBLE CONTRIBUTION UNDER ARTICLE 3: STOCKPILING OF RAW MATERIALS IN THE U.K.

In December, Mr. R.B. Bryce prepared the attached personal memorandum to Mr. Robertson which he forwarded with a letter† (not attached) explaining that his memorandum did not represent the views of his Department and that he recognized that there were serious objections both in detail and in principle to the sort of stockpiling which he is suggesting.

2. As the memorandum has only just been circulated, at Mr. Robertson's suggestion, and with the consent of Mr. Bryce, it is unlikely that there will be more than a general discussion of it at tomorrow's meeting, but it presents an excellent review of the financial (and some of the military) arguments for stockpiling in the United Kingdom (or in Europe) base metals, wheat, lumber, and possibly clothing and other supplies on the assumption that total war will demand total preparedness and the severity of a modern bombing attack would call for dispersions of stockpiles of everything that would be needed by a population in an emergency — not just the so-called "strategic" items.

3. As we pointed out in a memorandum prepared for you when the subject of our contribution under Article 3 of the Treaty was first considered by the Panel, copy attached, it seems probable that Canada could make her most useful contribution in the supply of raw materials rather than finished military equipment, in view of our limited industrial capacity for producing military equipment, apart from a few specialized lines. The supplying of raw materials also happens to suit the Canadian economic picture fairly well as we are likely to have surpluses during the early 1950's.

4. Mr. Bryce's suggestion would be an operation that would not only enable us to make a capital contribution to the preparedness of the North Atlantic area of a non-recurring kind, but would have the added advantage that we need not necessarily

[27] Note marginale:/Marginal note:
Agreed. Mr. George might seek an opportunity for a word with Mr. Bryce. R.A. M[acKay].

enter anything in the budget, as we could keep title to our stockpiles in Europe. I think this is the most questionable part of the proposal from our point of view, as it would surely be desirable from an international point of view to make a contribution to the North Atlantic Treaty under Article 3 and, if it is domestically possible, to do so in some such way as Mr. Bryce has suggested. It is possible that title to the stockpiles could be turned over to the North Atlantic Organization and the stockpiling divided geographically among the European North Atlantic countries on whatever basis they may agree among themselves.

5. It seems to me that we might also tie to this idea the condition that, as it became necessary for these stockpiles to be replaced in course of time, the turnover should be accomplished by the country in which the stockpile was located taking out of the stockpile what it needed for its own use and purchasing the replacement quantity from Canada for cash. This part of the proposal would, of course, not apply to most base metals, but would apply to lumber and wheat, which cannot be stored indefinitely.

[J. GEORGE]

[PIÈCE JOINTE/ENCLOSURE]

Note du sous-ministre adjoint des Finances pour le secrétaire du Cabinet

Memorandum from Deputy Minister of Finance to Secretary to Cabinet

SECRET [Ottawa], November 30, 1949

RE STOCKPILING POLICY AND WAR RESERVES

1. Canada is now devoting resources to the value of roughly some $400 million a year to defence. This is going almost entirely into the military forces, research and administrative overhead to prepare them for their role in a possible war. Most of it is of a recurring and non-capital nature, and little of it results in forces that will be immediately available for operational duties in the early weeks or months of a war. Consequently it is basically expenditure to maintain our preparedness to provide military services after a substantial period of mobilization.

2. Experience in the last war suggests that Canada's usefulness to the Allied cause in a war in the 1950's would extend far beyond the provision of military services (including, of course, air and naval services and facilities) and, in particular, would include substantial help in providing raw materials, military supplies, food, and even civilian supplies, to Allied countries in support of the general war effort. Relatively little has been done in preparation for possible war activity in these fields. In part, of course, that is because they are civilian activities similar to those of peacetime, and we assume they could and would be relatively quickly adopted and directed to war purposes. In part it is because we have had full employment, and war preparation in these fields would have diverted resources needed for immediate civilian purposes. Finally, it is because in Canada's peculiar position she cannot now expect to obtain much in the way of definite information

on, let alone orders for, these supplies which her major allies will wish to have from her in the event of war in the 1950's.

3. This memorandum is intended to suggest that it is worth considering a number of possible measures of economic preparation for war in the 1950's which might be taken as soon as any substantial slack develops in our economy. Such slack would enable this preparatory work to be done without serious diversion of resources from export or from normal domestic purposes. Indeed, these preparatory measures might be better suited industrially to maintaining total production and employment than the conventional measures such as those covered in the recent report to the Cabinet Committee on Economic Policy.

4. These measures of general economic preparation for war have several other features which merit consideration before going into detail. First, in contrast to the military measures they are of a capital and non-recurring nature, not leading to an annual drain on our resources nor to an organized military hierarchy with a natural and reasonable interest in maintaining their programmes. Secondly, the preparations would result in capital that could be devoted to ordinary civilian purposes in later years, should the risk of war diminish. All that would be lost would be the interest — and its real equivalent in the delay of use — which will be unimportant if the work is done at times of slack. Thirdly, there is little danger of obsolescence in contrast to specific military preparations. Finally, in so far as this non-recurring need is met on a substantial scale during a period when employment might otherwise decline seriously, it helps in defence by what is one of the best and yet most subtle ways — by preventing at least in the areas affected that "crisis of capitalism" upon which our potential enemies so heavily rely for assistance and perhaps as the signal for their attack. One of our urgent problems is to find means for providing support to employment during the 1950's, for this very important security reason, which is not such as to distort our economic structure nor saddle our budget with permanent fixed charges or groups with a vested interest in the indefinite continuation of programmes.

5. The general measures of preparation which it is suggested we consider are those which can be covered by thinking of stockpiling in the broadest sense. Heretofore stockpiling seems to have been considered almost entirely in respect of certain conventionally "strategic" raw materials normally imported. Yet experience in the last war shows that shortages become almost universal in modern war, and many sorts of materials, semi-finished or finished goods that could be stored, are apt to be short, as well as transport services, shipping in particular, which can be stored in effect by having stockpiles as close as possible to locations of use.

6. The largest and most potentially important project of this nature that I suggest for consideration on both technical and economic grounds is the stockpiling in the United Kingdom and allied European countries of Canadian-owned wheat. This, of course, would be for the purpose of saving shipping under the very difficult and dangerous conditions likely to be present in the next war. While the assessment of the submarine danger seems to have become less terrifying than a year ago, it remains most serious. Moreover the outbreak of war this next time would seem likely to give rise to a very large early demand for shipping for military purposes.

Shipping is now in embarrassingly good supply, and cargo rates low. Wheat supplies are beginning to accumulate as surpluses. Apparently it is technically feasible to provide ample storage facilities not only at European ports but at more dispersed and strategically valuable internal points. Yet the importing countries clearly cannot afford the dollar expenditures that would be required to accumulate these war reserves. As long as it does not interfere with our other exports, which seems possible, nor reduce the stocks Europe would hold on her own account, Canada should not lose by shipping some of her own excess supplies, and even some of her normal year-end stocks, to overseas storage, using the present excess of Canadian ships. The building of storage facilities will presumably be necessary and this will probably be a limiting factor, but it does not seem a serious enough obstacle to prevent what appears otherwise on first sight to be a sensible policy. The movement overseas of, say, 100 million bushels of wheat in the next two years would as war preparation be equivalent to a considerable naval and shipbuilding programme, having in mind the convoying and losses that would be necessary in moving it under war conditions. The presence of these war stocks could also be expected to be a considerable comfort to the allied countries, and a form of joint action quite appropriate under the Atlantic Treaty. Of course, in reckoning potential requirements of allied countries, account must be taken not of their peacetime needs so much as their needs under the highly disturbed conditions of the next war. In the event these stocks were captured by the enemy, they would add relatively little to his war potential, as this is a type of supply which we may reasonably expect him to have fairly abundantly, but if it is considered necessary, it might be possible to arrange measures that could be taken at the last moment to render such emergency stocks unfit for eating.

It seems worth adding that if research could develop some cheap and satisfactory way of storing wheat for long periods in relatively small quantities, some of these war stocks could be dispersed as potential emergency rations to be available in allied countries even in the face of a breakdown in their internal transport system — a condition that seems quite possible in view of the strength of the medium and short range air attack power of the potential enemy.

7. Similar considerations might apply to the holding overseas of Canadian-owned stocks of certain of our other staple export products. Metals are an obvious case, particularly in respect of the United Kingdom, and storage of them ought to be relatively easy and cheap. Presumably the United Kingdom will be using metals in production at least during the early months of the war. Lumber and some other wood products may also be worth holding as well, if suitable arrangements can be made for keeping the stocks "turning over". Indeed this should be possible even if the normal sources of supply are to be "non-Canadian", for our important action will be in furnishing (and financing) the inventory from our surplus, and we could without additional expense — other than that of holding — replace it and keep turning over the stocks by use of the normal non-Canadian supplies. In view of our own exchange situation, and for budget reasons, the accumulation of these stocks overseas should be done only when we have excess production or capacity in Canada that enables the war reserves to be set up without loss of export income.

8. Perhaps one should carry thinking and action a stage further, if the United States will consider matters of this kind. Prospects for Europe in the event of an all-out Russian attack — and that is what we must expect — seem so seriously bad that we can hardly anticipate much in the way of normal civilian production being carried on. The destruction and disorganization behind the lines on the Continent and in the United Kingdom would seem likely to be far greater than on either side in the last war. Possibly the U.K. and the others will have to do as Russia apparently did at the height of the last war and suspend altogether the organized production of most civilian goods — even those normally considered essential — and devote what productive efforts they can organize to war purposes and the support of their own and allied services. This obviously will impose great hardships on the civilians and might seriously upset civilian morale, particularly when combined with all the suffering and the all-pervasive propaganda that must be expected. Such a situation might be helped in a very valuable way by the provision of minimum supplies of the most urgent civilian goods from overseas. But here again shipping and competing demands of war would likely seriously restrict, it not prevent altogether, the furnishing of even urgently needed items. This possibly could be provided against by holding in stock in the United Kingdom and Continental allied countries war reserves of important storable items of essential civilian supplies — utility clothing, textiles, medical supplies, items to repair or replace housing, and household necessities likely to be destroyed on a large scale by bombing. These supplies are of types which might well be obtainable in the next few years from surplus North American capacity. Their total potential value, and the warehousing problems to which they would give rise, are so large that a program of this kind would only be feasible if undertaken in large part by the United States. If, however, Canada successfully commenced a modest program in respect of wheat, metals, and perhaps lumber, it might lead the United States to consider a larger and more general programme.

9. The transfer of these war reserves to allied countries in the event of war would probably have to be made without payment, just as would the transfer of most currently produced supplies at that time. This should not be a material objection to the plan, however, as it is manifestly going to be impossible to carry on the next war except by very widespread application of Mutual Aid principles, and no other international preparations for it can be made without also running into this same eventual transfer problem.

10. Stockpiling of our reserves in Canada would also appear to be worth consideration in relation to preparations for our own war production program, particularly if we run into serious need for widespread action to maintain employment. Experience in the last war shows how quickly and widely bottlenecks can develop. Large scale inventories of raw and semi-finished materials could do a great deal to overcome, or at least delay, such difficulties. The importance and possibilities of adequate inventories as an aid not only in this way but in making possible more efficient use of labour and equipment can hardly be over-emphasized (see the article by J.R. Hicks in *Lloyds Bank Review* in 1947). The accumulation of large reserves of both non-ferrous and specialized ferrous metals, for example, could be a partial substitute for creating additional capacity that would be excess in nearly all

normal times, and would appear to be a much cheaper and more sensible way of providing for peak requirements of wartime. Moreover, these stocks could be so distributed as to reduce the probable requirements for internal transport at the peak of the war effort. Further, this is the type of goods most likely to be left in surplus supply when domestic capital investment slackens, and for which it is difficult to stimulate alternative demands on short notice. I would therefore suggest we should analyze and consider the possibilities of utilizing surplus Canadian metal production capacity to create substantial war reserves to be stored relatively close to probable centres of use in the event of war. Of course, such a program should be related to, and supplement, the stockpiling program of the United States, and it would be important that we do not accept responsibility for financing stockpiles for U.S. production.

11. While metals are the most obvious items for such a programme, there are substantial arguments in favour of considering a broader programme. The facts that Canada's war production must be largely for forces other than her own, that she is to some extent a marginal supplier, and that it is difficult to get definite indications in advance of what will really be required by her allies, make it difficult to carry out adequate preparation for industrial production of war equipment. Moreover, the advance production of military equipment for reserves entails the risk of serious obsolescence. Yet experience suggests that when war arrives, our industrial capacity will be fully required after the initial organizing period and civilian requirements will compete with war supplies for labour and raw materials, if not for factory capacity. More productive resources for war use can be made available by advance action to provide for these civilian requirements. Many of them are of a relatively standard nature — or can be under war conditions — and can be stored for long periods. Their production by excess capacity and labour in times of economic recession in the early 1950's could add substantially to our potential capacity to wage war in later years — and should war dangers disappear, such supplies are of a type that can be used either in Canada or abroad. The possibilities in this line extend from standard items of clothing or textiles to standard models of cars, on the consumers' side, and from such things as paper and packaging materials to standard items of industrial and commercial equipment and their component, possibly even railway rolling stock. Indeed it would be possible to go even further and make ready a supply of prefabricated hutments and housing for meeting the almost inevitable shortages of housing and other accommodation that we seem likely to face in a war in the middle or late '50's, particularly having in mind the increasing ability of the potential enemy to reach North American centres with bombing raids that now we must regard as more than merely diversionary.

12. The large scale application of ideas mentioned in the last paragraph would, of course, be limited by warehousing space, and would require considerable construction of reserve storage centres in those locations that would minimize transport requirements in wartime.

13. Apart from consideration of costs and possibly more useful alternative means of employing unemployed labour and capacity, there will be obstacles to any programme along these lines from those who fear the possibility of the dumping of these reserves in future peacetime markets, and the possible depressing effects on

prices of the existence of such dangers. Even if a Government pledged itself not to release such stocks on the domestic market in peacetime, there might be fears that a more radical future Government might use them as a means of bringing pressure on business. It seems unlikely, however, that a Government would wish to exert the depressing effects upon production and employment that would result from liquidation of large war reserves except in boom conditions when the effects might be desirable as anti-inflationary measures.

14. The financing required for a programme of this kind and the costs of storage and interest, as well as potential losses on peace-time liquidation (possibly abroad) in the event that war does not come, are, of course, the principal objections to it and must determine the limits within which it would be worthwhile applying it. These must be set against our judgment as to the danger of war, and our willingness to accept a share of the costs of preparation for it. The issue will also be affected by the extent to which excess capacity and unemployment develop in Canada. Should the Government judge the danger of war later in the '50's as serious, and feel an obligation to accept a larger share of the Allied preparatory effort, the stockpiling of war reserves seems worth consideration as a means of using the type of resources that seem likely to be available in surplus supply in Canada in the next few years.

R.B. B[RYCE]

504. DEA/50030-L-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

TOP SECRET Ottawa, February 20, 1950

NORTH ATLANTIC

It is appreciated that in view of our very tight budgetary situation, the present may not be the appropriate time to press for a contribution to mutual aid under Article 3 of the North Atlantic Treaty. We may anticipate however considerable needling from our North Atlantic partners, especially from the United States, within the next few months, and, indeed, we have already been subject to some pressure.

The question arises whether contributions could not be related to the domestic situation. We are experiencing a substantial measure of unemployment, both in certain primary and secondary industries, and, although the economic prospects for 1950 appear to be good, employment may well remain below the 1948-1949 level unless some steps are taken to relieve the situation. There is the further problem of the decline in agricultural prices and the probability that the Government may be faced with substantial holdings of commodities purchased at floor prices. It may be that later in the Session proposals for the provision of mutual aid under the North Atlantic Treaty would be more timely, especially if it could be related to the

employment situation. Officials of the Department, in consultation with officials of other departments, are therefore continuing to give consideration to a possible programme of mutual aid.

Attached is a very preliminary memorandum on which your comments would be appreciated.

A.D.P. H[EENEY]

[PIÈCE JOINTE/ENCLOSURE]

Note de la Direction de liaison avec la Défense

Memorandum by Defence Liaison Division

TOP SECRET Ottawa, February 20, 1950

NORTH ATLANTIC TREATY: CANADIAN MUTUAL AID

Article 3

"In order more effectively to achieve the objectives of this Treaty, the Parties, separately and jointly, by means of continuous and effective self-help and mutual aid, will maintain and develop their individual and collective capacity to resist armed attack."

1. As the Minister said in the House of Commons on November 16, 1949, the establishment of working organizations under the Treaty does not mean that our task has been completed. In fact, he said, it has only begun. He then went on to say, "In broad terms we are committed to provide such aid as we can reasonably be expected to contribute, in the form in which we can most effectively furnish it." He added that our contribution would be limited by our foreign exchange position and would be considerably facilitated by any arrangements which might be made to integrate military procurement within the North Atlantic area.

2. We have, of course, a general obligation to maintain a healthy economy and provide for our own defence. In view of our geographic location, our resources and the present level of economic activity, however, our more exposed and poorer partners are undoubtedly looking to us for some direct contribution to their assistance. Indeed, some of the questions raised in the meetings of the Defence Financial and Economic Committee Working Staff have been fairly pointed reminders that the Canadian Government should be considering how it can best make its contribution under Article 3, not only to self-help, but in the form of mutual aid as well.

3. In a memorandum for use in the Department, it is hardly necessary to elaborate on the statement that the international situation is the most compelling argument in favour of making a positive contribution to the partnership on which the national security of Canada largely depends. Recent reports from our Missions in Europe reflect the fear and uncertainty which have coloured political attitudes towards the Atlantic Pact, especially since the loss of U.S. atomic monopoly and since the recent decision to develop the hydrogen bomb, coupled with U.S. reluctance to make any new move towards reaching agreement on international control. Considering the pioneering role which we played in the creation of the North Atlantic

Treaty, our partners, including the United States, may question our sincerity if we make no mutual aid contribution, especially if we continue to enjoy a surplus of revenues over expenditures and a comfortable working margin of U.S. dollar holdings (now running at about one billion).

U.S. and U.K. Contributions as a Yardstick

4. Under their Mutual Defence Assistance Act, the United States are giving $1 billion in 1950 and 1951 for military supplies for North Atlantic countries — half a billion in cash and half a billion contract authority. The European countries will be making their contributions chiefly through limited transfers of stocks and military production. However, the United Kingdom Government will probably be giving the equivalent of about $125 millions, mostly in the form of creating additional military production in order to rearm its Western Union partners. This places their contribution to mutual aid roughly on a par with that of the United States in proportion to national income (8:1), although the U.K. contribution will, of course, be more than offset by what they will receive under M.D.A.A. By the same yardstick, Canada would during the next two years, have to contribute about $75 millions (Canadian) to make a comparable "mutual aid" contribution.[28] (Taking our 1950-1951 defence budget of $425 millions, our contribution towards "self-help" — our own defence forces — is less than half that of the United States, and about half that of the United Kingdom, in proportion to national income; and we are currently making no contribution to the economic recovery of Europe nor to the military security of areas outside the North Atlantic.)[29]

5. Such comparison is, at least to some extent, misleading. Ours is not the major role; we are the only country of the North Atlantic pact that will be paying cash for all our supplies from the United States;[30] no other North Atlantic country probably pays such a high proportion of U.S. dollars for its military equipment, including components; we have a thinly spread population and a vast area to defend; and our political problem is complicated by a tradition of extremely small peacetime forces and correspondingly low defence budgets, a tradition from which we are now beginning to depart under the compulsion of events.

Domestic Ground on which Contributions Might be Justified

6.(a) *Maintenance of a Canadian Defence Industry*

Orders for military supplies for the Canadian armed forces alone will not be sufficient to maintain or develop in Canada even the essential nucleus of an armament industry that would be vital to us in time or war, unless we sell or give arms to other countries. The Canadair plant in Montreal, for example, will probably be tapering off production of F-86 aircraft for the RCAF by the end of 1952 and without further orders might well have to close down. If we see our

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[28] Note marginale:/Marginal note:
Exact comparability of this kind is unrealistic and unfair. [L.B. Pearson]

[29] Note marginale:/Marginal note:
We are lending the U[nited] K[ingdom] an American equivalent of 60,000,000 a month. [L.B. Pearson]

[30] Note marginale:/Marginal note:
$9,000,000 (U.S.) worth. [N.A. Robertson]

role in a future war as an immediately available arsenal for Europe, the nucleus of our defence industry must be built up.

Known Western European deficiencies in military equipment that Canadian industry is capable of supplying include the following items:

Army — Motor Transport
Armoured Vehicles
Signals Equipment
Engineering Stores
Navy — Aluminum Mine Sweepers
Electronics (anti-submarine, radar and fire control)
Air Force — Day and Night Fighters (such as F-86's and CF-100's)
Radar Equipment

(b) *Price Support Policies*

It is probable that we shall shortly have surpluses in a number of agricultural products and surplus capacity in base metals production. Even in cases where there will be sufficient export sales to keep companies going (such as aluminum), there may well be idle capacity which will be reflected in rising unemployment figures. Spending the public funds in order to supply raw material stockpiles for the defence industries of the European industrial countries would be a worthy contribution to meeting their needs which, at the same time, would help to support important parts of the Canadian economy. The stockpile scheme could be extended to a variety of durable commodities in surplus. In total war civilian as well as military supplies would be required and our shipping space would be at a premium; the time to stockpile is before an emergency arises, when strategic materials are available and shipping rates cheap.

(c) *Maintenance of Employment*

A contribution to our North Atlantic partners could probably be spent, as suggested in (a) and (b) above, in such a way as to help to maintain a high level of employment in Canada, as well as serving other ends. Possibly to some extent military equipment and other commodities which might be made available to our partners could be selected with a view to maintaining employment.

The Form of Possible Contributions: Lump Sum or ad hoc

7. In Ottawa it has been generally assumed that a lump sum contribution was not possible during the fiscal year 1950-1951 for budgetary reasons — that the Government would be extremely reluctant to add to the great pressures which have already been placed upon the budget in a year when our revenues will be substantially reduced by last year's taxation cuts and probably by a declining level of economic activity as well, while, at the same time, there are more demands than ever for domestic expenditure, e.g., for defence and to meet unemployment and welfare demands. The alternatives of increasing taxation within a year of the election, or budgeting for a deficit while we are near the top of the economic cycle, are equally distasteful. From this point of view, it would appear that the only course open to the Government would be to make a very limited contribution to mutual aid for other North Atlantic countries and to make that contribution on the basis of *ad hoc* decisions on specific requests for our assistance based on proven deficiencies within the North Atlantic area.

8. As against the *ad hoc* approach, both Mr. Wilgress and Mr. Wrong have reiterated their strong views that the Government should announce, as soon as possible, a lump sum which would represent the financial limits of our contribution, without necessarily saying how, in detail, that sum might be spent until we know more precisely what the deficiencies of our European partners would be on the basis of present and planned forces.

9. Mr. Wilgress has put forward the argument that if we wait until specific requests come to us, we shall be getting the tag ends of orders that nobody else wants to meet. The great advantage of deciding what we are going to do now would be that it would enable us to cut the coat of our aid to suit the cloth of our economy, tailoring our contribution not only to meet European deficiencies but also to give relief to some of the hard-pressed sections of the Canadian economy.

10. Mr. Wrong has laid special stress on the more general political argument that an *ad hoc* approach will have no dramatic appeal whatever, even if we were to spend as much in meeting specific requests as we would if we announced our target figure for North Atlantic aid now. He has repeatedly drawn to our attention the understandable United States fear that other North Atlantic countries might be coasting on United States aid without exerting themselves on their own behalf. It would clearly be of some help to the United States Administration if Congress knew, before they considered their foreign aid appropriations for the next fiscal year, that we were going to pull our weight within the limits of our resources. A further advantage might well be that we would receive more sympathetic consideration from Congress in our request for legislation to meet our procurement difficulties.[31]

11. Even if the *ad hoc* approach were adopted, it is difficult to see how it would in fact avoid the necessity for making appropriations of funds to cover the cost of the supplies and equipment which we would send to Europe. The Department of National Defence, with a defence budget of $425 millions, cannot afford to pay for anything more than specialist training facilities for about 250 army and air force personnel from North Atlantic countries. Mr. Abbott has agreed with Mr. Claxton that other forms of aid will have to be financed from other sources, not from the defence budget; no doubt other departments are in the same position; so that sooner or later an appropriation will be necessary if anything is to be done.

Possible Courses of Action

(a) A general statement might be made saying what form the Canadian contribution under North Atlantic was going to take (training, defence raw materials and military equipment have already been discussed by Cabinet), but not specifying how much we would spend. This course of action would hardly meet the requirements of our international situation and would not inspire much enthusiasm in Washington or elsewhere.

(b) Parliament might be asked for an appropriation before the end of the present fiscal year; that appropriation would simply reduce the surplus which we under-

[31] Note marginale:/Marginal note:
It should be the other way around. [L.B. Pearson]

stand is expected to be of the order of $300 millions, and would avoid having to make any appropriation in the budget for the coming fiscal year.[32] So that the funds would be technically "spent" before the end of the fiscal year, it would be necessary to turn over the money to the Canadian Commercial Corporation or in some other way which could be devised, get it off the books of the Canadian Government before March 31, 1950. (An operation of this kind was put through in the spring of 1946 when the bulk of our UNRRA contribution was hastily transferred.) This course of action could obviously lead to some criticism of the Government on the grounds that what was being done was a fairly transparent device for spending this year's funds next year.

(c) An announcement by the Government now that during the next two years Canada would be prepared to spend up to, say, $75 millions (or whatever sum is proposed) for mutual aid for our North Atlantic partners. In implementing this announcement, we could in fact provide for only a part of the expenditure during 1950-1951. The remainder would then be included in the budget for the fiscal year 1951-1952 when it might be more acceptable politically to find means of securing additional revenues, if that should be necessary. Both the U.S. and U.K. aid programmes are planned for a two year period: the United States will be spending only a fraction of their M.D.A.A. appropriations during their current fiscal year ending June 30, 1950.

Timing

An early announcement of Canadian intentions to contribute would have the following advantages:

(a) Since European "shopping lists" were to have been completed and given to the Standing Group in Washington by February 15, the chances of Canadian industry getting orders would be materially improved. Without a contribution from the Canadian Government, Canadian firms may get little or no orders at all.

(b) It should make easier our current negotiations with the U.S. for a revision of legislation to provide for procurement of military supplies and to permit of reciprocal purchases of military components. It might even be possible to have the U.S. meet out of M.D.A.A. funds the U.S. dollar content of our contribution.[33]

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[32] Note marginale:/Marginal note:
? [L.B. Pearson]

[33] Voir le document 742./See Document 742.

505. DEA/50030-L-40

Le premier secrétaire du haut-commissariat au Royaume-Uni à la Direction de liaison avec la Défense

First Secretary, High Commission in United Kingdom, to Defence Liaison Division

SECRET AND PERSONAL London, February 25, 1950

Dear Jim [George],

I was much interested in your letter of February 18th† and the enclosure[34] concerning a suggestion that certain raw materials might be stockpiled in Europe as part of Canada's contribution towards North Atlantic defence. Although I would not pretend to have any "special ideas" on it there are some thoughts which come to mind which might be of interest to you.

To begin with, I note that the memorandum accompanying your letter appears to consider that any country which takes out material from the stockpile for its own use (even though such an operation might be required in order to secure the necessary turnover of stocks) should "purchase the replacement quantity from Canada for cash". This feature seems to me politically — or psychologically — dangerous. I think it would be desirable (if at all practicable) to combine any stockpiling arrangement with some provision for the free supply of similar materials (either on our own or in co-operation with the United States) to European countries which have need of them now in connection with their defence programmes. In the absence of some such provision it strikes me that the proposed arrangement might be misinterpreted by the Europeans, some of whom would doubtless regard it as confirming their worst suspicions that we may be prepared to see them thrown to the wolves (or is it bears?) — with all sorts of fine provisions for ensuring supplies of food and raw materials after they are in the clutches of the wolves and with every good intention to rescue them from the wolves as soon as possible. If we are to finance the building up of stocks in Europe for free distribution in the event of war but were to insist that any quantities withdrawn from such stocks (or imported separately) for the purpose of advance defence preparations must be paid for in cash, some Europeans might well say that our willingness to help in the event of war was all very commendable but would it not be rather a good idea to concentrate more on strengthening them in order to prevent a war — and that can only be done by supplying them with materials and equipment now.

I know that, even apart from any Canadian budgetary difficulties, it might be difficult to allow the distribution of materials needed for defence purposes at bargain prices or on a free basis. In the first place, it is hard to distinguish between materials destined for North Atlantic *military* production in a particular country and similar materials destined for civilian production — as the United States is finding out in connection with requests for the supply of raw materials under the M.D.A.A. Presumably, however, this is a problem which will have to be got over if

[34] Voir le document 503./See Document 503.

that part of the United States Mutual Defence Assistance programme aimed at increasing European production is to be carried out, and it should be possible for us to make use of the results of this United States experience in devising arrangements for making raw materials available (either from stockpiles or from our current output) for strictly North Atlantic military production in Europe. In the second place, the release of Canadian materials might discourage the United States from allowing some off-shore purchasing in Canada under the M.D.A.A. On this point, I gather that your advices from Washington are to the effect that such off-shore purchases are not likely to be large in any case. If it is thought that some off-shore purchases might be forthcoming in the absence of the free provision of such materials, it should be possible to work out some arrangement with the United States whereby the provision of materials of the sort included in the proposed stockpiles would not seriously prejudice (and might actually improve) the prospects for United States off-shore purchases of similar materials in Canada.

I would not presume even to sketch the sort of arrangements which might be required for building up the proposed stocks, for storing them (an aspect of the problem into which, I believe, the FAO went at great length in the case of perishable commodities in connection with the earlier proposals for a World Food Board), for the custody of them (which I should have thought would have to be vested in the Canadian Government since the NATO is unlikely for some time to be competent — either legally or otherwise — to accept custody), or for controlling any peace-time releases in a manner which would not depress prices and sales of similar Canadian commodities in ordinary trade with the NAT countries. I am sure, however, that if the objective is accepted, it is not beyond the wit of man to devise satisfactory arrangements.

I think what I am saying, in brief is really that the provision against the contingency of war represented by Bryce's stockpiling suggestion should be accompanied by some evidence of activity to prevent a war, or to prevent defeat of Western Europe in the initial stages, if some rather dangerous political consequences are not to be invited. The easiest way to avoid the unfortunate political implications mentioned above, it would seem to me, would be to make available currently for defence purposes in Europe at least some quantities of the kinds of materials which are going into the stockpiles. If this is not practicable, it might be possible to avoid the mischievous political interpretation of the stockpiling project by making a fairly substantial contribution to the current strengthening of Europe's defences in fields quite unrelated to the stockpiled materials.

By itself the proposed project seems to me to be somewhat dangerous politically, but even by itself it might still be better than nothing.

When I discussed this stockpiling proposal and my comments on it with [Major General] Fin Clark informally yesterday afternoon, he made some observations regarding certain strategic and military considerations which might be of interest to you. Those observations are summarized in the enclosed note.

In addition to asking for any "special ideas" which we might have on the stockpiling proposal, you also enquired concerning our views on the general question of the form which the Canadian contribution might best take. Briefly, the following is

about the order of priority which I would suggest (and with which I think Fin Clark would probably agree).

(1) *Finished military equipment* — From the point of view of strengthening European defences as rapidly as possible it is obvious that our most effective contribution would be military equipment which, if the need arose, could be used at once. The making of our contribution in this form would also seem to have the additional advantage from our point of view that it would place us in a better position to supply an increased volume of equipment in the event of war. If we do not start supplying equipment now (and I can quite appreciate that it might be difficult to turn over much capacity to military production at this stage) we may find ourselves left to supply only raw materials and components for United States or United Kingdom equipment if war comes — with some rather unfortunate consequences for our commercial position after such a war (on the assumption that we survived). Furthermore, the supply of finished equipment at this stage might be preferable from the point of view of helping to maintain employment in Canada — although it would be regrettable if we came to regard the production of armaments as justified merely in order to keep up employment. While there are many considerations to be balanced against one another, it would seem to me that it would be best for us to supply finished equipment so far as possible both in the interest of strengthening Europe as effectively and rapidly as possible and in the interest of protecting our future commercial position and possibly of helping to maintain employment.

(2) *Raw materials and components for the current production of military equipment in Europe.* Although this form of contribution would not have as direct or immediate effects on the defensive strength of the European countries, it might appear to have the advantage that it would have less disturbing consequences for our peace-time pattern of production. The European countries might even prefer this form of contribution since it would help them to maintain employment. In this connection, you will probably recall that the Belgians wanted the United States to supply less finished equipment and more raw materials in order to help them avert a degree of unemployment which might itself threaten the security of Western Europe. A contribution of this kind however (in addition to making a less immediate contribution to effective defence) would have the disadvantage from our point of view that when it was all over we might find ourselves left as the "hewers of wood and drawers of water".

(3) *Stockpiling of essential military and civilian types of raw materials, accompanied by some related Canadian contribution to the immediate strengthening of Europe's defences* (whether such stockpiles should be located in Europe or North America is a matter which would require consideration.)

(4) *Stockpiling of such materials without a related contribution to the immediate strengthening of Europe.* This type of contribution would seem to me (for the reasons explained in this letter) to be the least satisfactory.

In all of this I am not, of course, presuming to judge whether (and in what proportions) in the interests of the North Atlantic area as a whole it is better for Canada to strengthen her own defences or to divert resources to the strengthening of

other North Atlantic countries. My remarks relate merely to that part of Canada's resources which it might be decided to divert to the assistance of others.

I apologize for the rambling character of these various observations, but I hope you will find them of some interest.

In concluding this quite informal and personal note I would merely observe that an announcement regarding any proposed Canadian contribution would probably have much more effect if it were to be made within the next two months than if it were to be delayed until later in the year. As you will be aware from our reports on the Western Union financial discussions, serious difficulties are being encountered and there is a real likelihood that some projects may get held up as a result. Similarly, as you know better than I, the United States Administration is probably in for a pretty sticky time for the next month or so in attempting to persuade Congress to make a further contribution to mutual defence assistance. Finally, there is the prospect of a series of quite important meetings within the North Atlantic Defence Organization (and in the Western Union Organization) around the end of March or early in April. Under these circumstances anything that could be said regarding the probable character of the Canadian contribution under Article 3 might help to break some of the log-jams and to get things moving. It is probably too much to hope that anything can be done by that time, and I am sure you appreciate, without my saying so, that late March or early April would seem to be a good psychological moment for such an announcement with really telling effect — if it were only practicable.

Yours sincerely,

ED RITCHIE

It seems to me that assistance given by Canada to any other member of the North Atlantic Treaty should be calculated to achieve the object set out in Article 3 of the Treaty, that is to "maintain and develop their individual and collective *capacity to resist armed attack*". Mr. Bryce's proposal, if put into effect, would not appear to achieve this object in that the material stockpiled could not be used except in an emergency. Unless the countries holding the stockpiles are permitted to draw from them in order to build up their military equipment so as to discourage armed attack or failing this effectively to resist it, I do not consider that the object of Article 3 is achieved. It is unfortunately probable that a state of emergency will nearly correspond in time to the beginning of hostilities. The effective use of stockpiles could not be made until after the beginning of war and, while it is desirable to have stockpiles of strategic materials available for production during war, the location of such stockpiles is of great importance. With the present disparity between the forces which the USSR could employ against Western Europe and those available for its defence, it is eminently desirable to have the maximum number of well-equipped and well-trained forces in Western Europe. If the allied forces in Western Europe are insufficient to deter aggression and insufficient to prevent the USSR from over-running the greater part of Western Europe in a short space of time, then the stockpiles of materials could not be used either to deter aggression or in time to make equipment calculated to save Western Europe, but could be used by the enemy for the further prosecution of the war.

It is therefore my opinion that the best way to achieve the object of Article 3 is to give the Western European countries priority for finished military equipment and to stockpile strategic materials principally in North America.

A contribution to the object of Article 3 would still be made if Canada were to supply raw materials for the immediate manufacture of military equipment by the Western European countries.

My argument may be woolly and full of fleas but, to summarize, the points I wish to make are these:

(a) The object of the exercise is to deter aggression and, failing this, successfully to resist armed attack. The chances of achieving this will be increased by having well-equipped and well-trained forces properly located.

(b) European members of the North Atlantic Treaty should be given high priority for finished military equipment. Canada could give aid to the European members of the North Atlantic Treaty in the form of finished military equipment or in the form of raw materials which could be made into military equipment by these countries now and not after the opening of hostilities.

(c) Stockpiles of strategic material should be kept in areas unlikely to be overrun by the enemy.

506. DEA/50030-L-40

Le conseiller du haut-commissariat au Royaume-Uni au ministre de la Défense nationale

Counsellor, High Commission in United Kingdom, to Minister of National Defence

SECRET AND PERSONAL [London], April 18, 1950

Dear Brooke [Claxton],

When I last saw you in The Hague you invited me to write you personally on occasions, and I am taking advantage of this invitation now to consult you on the question of whether we should consider making a contribution of army equipment (in stock as war reserves) under Article 3 of the Treaty.

As you know, one of my duties is to study the most critical deficiencies among North Atlantic countries and to communicate with Ottawa so that further consideration can be given to the question of mutual aid. Any messages I send I propose to make fairly specific so that a decision may be taken on each item, one way or the other. As I understand it, we are looking for some items which

(a) would be regarded as typically Canadian, and therefore politically acceptable;

(b) we are making in small quantities for our armed forces and a larger production run would effect economies for us;

(c) if produced would have other collateral advantages such as assisting to overcome local unemployment problems, etc.

There are some items which appear to meet partially the above conditions such as Arctic equipment, aircraft, electronics, and picrite, but before raising any of these for consideration I feel that we should review the possibility of contributing from our reserve stocks of army equipment. This idea is not new of course, as I recall that on occasions in the past some reference has been made to the advantages that would accrue to the army if they were able to dispose of some of their reserve equipment and replace these gradually with modern types, possibly of U.S. design. It would seem to me, therefore, that if we are able to make any further contribution under Article 3 we should first consider the question of supplying divisional equipment or selected items of such equipment in reserve stocks which are urgently needed by the ground forces of Western Europe who would be the first to meet an enemy attack, whereas it would be perhaps twelve to eighteen months before a Canadian expeditionary force would be mobilized for overseas. In the meantime some of the equipment might be becoming obsolescent and if no emergency occurs in the next few years it would seem doubtful whether the Government would permit a force to go overseas with last war's equipment.

There is no doubt that the shortages in divisional equipment are amongst the most critical, and although present estimates are of a preliminary nature, any new calculations of deficiencies based on regional defence plans will almost certainly increase rather than decrease these estimates (that is so far as army equipment is concerned, although this is not necessarily true of naval equipment).

The case of the Netherlands is known to you. They are repatriating forces from Indonesia and plan to retain a portion in the service and return a portion to civil occupations. This programme, which is a difficult one at best, is seriously handicapped by the shortage of equipment without which they cannot arm the additional divisions that would be formed either for training or for fighting purposes.

It is a safe conclusion too, that the shortages of divisional equipment are of such a scale that no combination of measures such as new production programmes and U.S. aid will fully satisfy the requirements.

The conclusion one draws from this is that a contribution from our reserve stocks of full divisional equipment or such items as vehicles, anti-aircraft guns, and others that we are holding would be regarded as a useful gift and would be welcomed by army [sic] provided of course, that a replacement programme was authorized outside of present appropriations. This, as I see it, is the crux of the situation, and it is for this reason that I am consulting you in advance.

I am, of course, assuming that External Affairs will take the initiative concerning the question of any further contribution under Article 3, and if proposals are made to Cabinet Mr. Pearson will be the Minister who sponsors them. Therefore, before raising the question of war reserves for consideration I should like to ascertain whether the proposition has your support. General Clark and I have discussed the matter at some length and he feels that from a military point of view there is much to be said in its favour. He tells me that he has had some correspondence with the C.G.S. on the subject. If, however, there are military or other considerations which cause you to regard the proposal with disfavour I will direct my efforts

in other channels. I wonder if you would mind letting me have your reaction to this as soon as possible.

Yours sincerely,
[E.W.T. GILL]

507. DEA/50030-L-40

Le ministre de la Défense nationale
au conseiller du haut-commissariat au Royaume-Uni

Minister of National Defence
to Counsellor, High Commisison in United Kingdom

SECRET AND PERSONAL Ottawa, April 27, 1950

Dear Evan [Gill]:

Many thanks for your letter which I found very interesting. While one cannot disagree with what you say, I find any approach to this subject difficult indeed.

What must be recognized is that the Department of Defence is going to have an appropriation this year (I hope) of $425,000,000 and not a cent more for any purpose whatever.

Insofar as there is equipment in existence which is surplus to our requirements, that equipment can no doubt be made available to North Atlantic Treaty nations, with or without payments and upon such other conditions as the Government may decide.

It is understood, however, as you know, that anything in the nature of materials or new equipment would be the responsibility of the Department of Trade and Commerce. This Department has no vote for this purpose and I doubt very much whether a vote would be forthcoming, except in consequence of some all-round arrangements which really began to tackle the problem of standardization and procurement.

For example, an arrangement whereby we send British type equipment to NAT countries and replace this with American type equipment manufactured in Canada, would be so much in our interest and in that of the United States as well as of the NAT organization as a whole, that we believe that it should lead the United States to pay or contribute to the cost of such Canadian made equipment.

In circumstances similar to these we could apply some of the money available for the acquisition of new equipment for ourselves and if the run was large enough so as to reduce the cost substantially, we could probably make a pretty fair size contribution.

Consequently I agree completely with the desiderata contained in your paragraphs (a), (b), and (c). There still, however, remains the question of payment and as I have said above is, as you know, the decision of the Government up to this time.

In this connection I enclose a copy of the speech I made at Sherbrooke last week in which I deal with some aspects of procurement.[35] This was discussed a good deal on my recent visit to the United States with Mr. Johnson and others. I must say the discussions were very favourable indeed but as we have found in the past there is apt to be a pretty wide gap between agreement at a high level and action below.

Incidentally, the exercise and demonstration at Fort Benning and Eglin Field were very interesting. It gave an impressive demonstration of United States power.

I hope you are enjoying things. With all the best,

Yours sincerely,

[BROOKE CLAXTON]

508. DEA/50030-D-1-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 898 London, May 12, 1950

SECRET

NORTH ATLANTIC MILITARY PRODUCTION AND SUPPLY BOARD

At May 10th meeting of the PWS agreement was reached on the procedure for distributing the Belgian surplus stocks of United States origin. Reference was made to these stocks at The Hague meetings. They are made up of a fairly wide range of army equipment, of which a large proportion is spare parts. The equipment was left in Belgium after the war and the United States turned it over to the Belgian Government, retaining a half interest if and when the material was sold. The United States have now waived their interest and the Belgian Government are making it available free of charge except for transportation costs to be paid by the receiver.

2. Briefly, the arrangements are as follows:

(a) Belgium will distribute to each country through the PWS inventories of the equipment available for transfer.

(b) Each country shall appoint a person to act as their agent and applications for equipment will be made through him direct to the Belgian office of mutual aid. The deadline for receiving applications is June 30th.

(c) Arrangements may be made through the agent for inspecting the material between May 15th and June 15th.

(d) OMA Belgium will advise PWS where applications exceed availabilities and PWS will act as the allocating agency. In performing this duty, they may seek

[35] Voir/See Canada, Department of External Affairs, *Statements and Speeches* 1950, No. 13.

advice from General Kibbler's organization, the American Military Advisory Group, who have full knowledge of deficiencies and end-item aid.

3. They are not expecting us to apply for any of these stocks and unless instructions are received to the contrary we will not take any action to be included among the applicants. We expect, however, to receive a catalogue and we will send this to you as soon as it is delivered.

4. During the discussion of this item in the PWS the Chairman referred to the feeling at The Hague meetings that little or no progress has been made in implementing the mutual aid principle of Article 3 of the Treaty and observed that the Belgian transfer was a concrete achievement under this head. He hoped "without pointing the finger at anyone" that other countries would review their stocks and determine whether they had anything which could be made available to other countries to meet deficiencies.

5. It is interesting to observe as a result of this offer that in the United States draft resolutions for the forthcoming Council meeting, copy of which was sent to you in the Minister's telegram No. 890,† Belgium is linked with the United States and United Kingdom as a mutual aid contributor.

6. In my immediately following telegram, I suggest that we review our existing stocks of army equipment to see if there is anything that could be made available as mutual aid.

509. DEA/50030-D-1-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 899 London, May 12, 1950

SECRET

NORTH ATLANTIC MILITARY PRODUCTION AND SUPPLY BOARD

Reference my immediately preceding telegram.

It is my understanding that when the question of a possible Canadian contribution under Article 3 was raised early this year, it was decided, except for the offer of training facilities,[36] to wait until the deficiencies of North Atlantic countries had been determined and then consider whether anything could be done in the way of mutual aid towards overcoming these. I am therefore commenting on certain deficiencies reported by North Atlantic countries so that the Government, if it so desires, may review their position with respect to mutual aid.

2. Lists of deficiencies have now been compiled. These are only of a preliminary nature and are now being reviewed on the basis of military plans with a view to

[36] Voir le document 500./See Document 500.

producing more accurate estimates. The military plans may well be modified and the requirement for equipment reduced accordingly. Certain of the deficiencies are, however, of such magnitude that they are unlikely even if scaled down, to be satisfied by United States aid, additional military production programmes, transfers, or any combination of the measures now planned. These deficiency lists show critical shortages among Western European countries of army equipment generally, including such items as ammunition, vehicles, anti aircraft guns, mines, some signal equipment and engineering stores.

3. The position of the Netherlands is, I think, known to you. They are in the process of repatriating about 100,000 troops from Indonesia, a proportion of which they plan to retain in the army and a proportion to demobilize for employment in civilian occupations. The success of this programme, which is a difficult one at best, is prejudiced through lack of army equipment, without which they cannot arm new divisions even on a training basis.

4. As reported in your telegrams Nos. 206 of February 14th† and 302 of March 7th† and other correspondence, a preliminary survey in Ottawa has indicated that Canada has virtually no surpluses of military equipment, but we suggest that the time has come to review policy with respect to the retention of war reserves in the light of our obligations under Article 3 of the North Atlantic Treaty. In such a review, you might wish to consider whether any equipment now held in war reserves could be made available to the European signatories to meet their immediate needs and where it will be of greater use in the overall defence of the North Atlantic region since it would be of immediate service in the event of an emergency.

5. In submitting the above proposal, we have it in mind that the defence authorities in Ottawa have on occasion indicated that an arrangement which would permit us to dispose of our United Kingdom type equipment and embark on a replacement programme of United States types would be a step towards standardization and integrated production and would be very much in the general interests of North Atlantic defence as a whole. There may be certain items of equipment which we particularly wish to replace now with United States type or with respect to which development on a successor type is well advanced. If there are, we might accept the risk involved in reducing our present stocks and make them available to other countries in the form of mutual aid. Vehicles and light anti-aircraft equipment are in the critically short category and these might be examined first. (We note from External Affairs telegram EX-593† to the Canadian Ambassador in Washington that some light anti-aircraft equipment has recently been released for sale to Israel.)

6. Any risk involved in reducing our existing stocks, in our opinion, be weighed not only against the advantages of replacement with new designs but also the advantages to be gained by Canada making a mutual aid contribution. The arguments in favour of a lump sum contribution of mutual aid have been stated fully in my letter of 12th December 1949, to Mr. Heeney,[37] as well as in communications from Mr. Wrong and in departmental memoranda. While the advantages of early

[37] Voir *DREC*, volume 15, document 415./See *DCER*, Volume 15, Document 415.

action on our part have to some extent disappeared with the passage of time, the reasons put forward then in favour of a contribution still obtain and are applicable to a contribution of the kind now proposed. As time goes on pressures for mutual aid are bound to increase and in the absence of any further Canadian contribution our position will become more embarrassing. For example, the draft United States resolution for consideration by the Council at their forthcoming meeting stresses the importance of mutual aid and recommends "that each party make its full contribution through mutual assistance in all forms to achieve that integrated strength necessary for the defence of the North Atlantic area." Any offers we could make now of army equipment likely to be of use to the Western European countries, even if of modest proportions, would be an earnest of our good intentions to do something towards implementing the mutual aid principle of Article 3.

7. If this is given favourable consideration, we think it would be advantageous to notify the Supply Organization as soon as possible of the stocks we are prepared to make available and the terms on which this would be done.

510. DEA/50030-D-1-40

Le conseiller du haut-commissariat au Royaume-Uni au sous-secrétaire d'État aux Affaires extérieures

Counsellor, High Commission in United Kingdom, to Under-Secretary of State for External Affairs

SECRET AND PERSONAL London, [May] 17, 1950

Dear Arnold [Heeney],

The High Commissioner's telegram No. 899 of May 12th suggests that the Government review their policy with respect to the holding of reserve stocks of military equipment and decide whether anything could be offered in the way of mutual aid to other North Atlantic countries.

This proposal carries the judgment of Norman Robertson, Bert MacKay and General Clark as well as the High Commissioner. We hoped to clear it with the Minister before despatch but had no opportunity to do so.

The course proposed seems to us to have so many advantages — political, strategic, military and financial, some of which were touched upon in the telegram — that I hope it will be given some consideration.

From a strategic standpoint, a Canadian contribution of divisional equipment might mean the difference between having or not having a European division in being to meet an initial attack, and it appears to us more important to have one there than to have one in reserve which would not be available for operations until a year or 18 months after the commencement of a war. From a financial standpoint, it would appear that a contribution of this type could be made without involving any additional expenditure this year (unless it be transportation costs) and possibly only a small expenditure next year since the replacement programme could normally be phased over a three or four year period. If the international situation dete-

riorates and the replacement programme has to be accelerated then conditions are likely to be such that the problem of financing higher defence expenditures largely disappears.

As to our reserve stock position, I understand that Army has several thousand vehicles which they are drawing on at the rate of a few hundred a year in order to meet current requirements. I understand too, that this equipment is likely to become obsolete within four or five years. It would, therefore, seem reasonable for us to hold say three or four years supply at peacetime rates of consumption and offer the balance to European countries where it could be put to immediate use. Since this information is based on hearsay it should be used guardedly.

If the subject is to be considered by the Defence Economic Committee I suggest that it await Norman Robertson's return. Coming fresh from the Council meetings where a resolution has been passed calling for greater effort in mutual assistance he will perhaps have some views on this aspect of North Atlantic co-operation.

While realizing that the Government has not been disposed to consider a lump sum contribution, the High Commissioner and his officials connected with North Atlantic planning here remain of the opinion that Canada's obligation under the mutual assistance principle of Article 3 can best be met in this way. As it is conceivable that this decision will be reviewed in the light of the Council's resolution regarding mutual assistance I have in preparation a departmental memorandum on other possible forms of Canadian aid, such as military equipment from new production, raw materials, stock-piling, and stand-by production capacity, any of which might form part of a Canadian aid programme. In my mind, however, these should be regarded as possibilities for the future. The immediate contribution of some military equipment from reserve stocks could be a self-contained contribution, or the first phase of a larger aid programme, whichever the Government feels disposed to do.

Yours sincerely,
EVAN [GILL]

511. DEA/50030-40

Note du chef de la Direction de liaison avec la Défense pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Defence Liaison Division, to Under-Secretary of State for External Affairs

TOP SECRET Ottawa, June 3, 1950

PANEL ON ECONOMIC ASPECTS OF DEFENCE QUESTIONS

There is to be a meeting of the Panel next Tuesday, June 6th, at 11 a.m. in the Privy Council Committee Room.[38] The agenda is attached.†

[38] Note marginale:/Marginal note:
Mr. MacKay, Thanks — will you attend with me please. June 5 A.D.P.H[eeney].

2. As you will see, the first three items on the agenda are to be reports by Mr. Drury, General Foulkes and Mr. Robertson. Mr. Robertson's report will lead into a discussion of the fourth item on the agenda, the possibility of making a contribution of military equipment to our North Atlantic partners, which is, I think, the only item on which you will wish our comments. The fourth item has been broadly phrased, deliberately, but is intended to lead into a discussion of Mr. Gill's proposal that, in view of the political difficulties in deciding on an overall contribution to North Atlantic mutual aid, we should at least put before the Government a specific plan for making available certain standard items of army equipment in which we have adequate reserves, although not more than we would need to mobilize two divisions in wartime.

3. The attached Panel Document, E.D. 14,† which was prepared in the Department in order to give the necessary background for the discussion of this item, avoids raising some of the broader issues which will undoubtedly be brought up once the Panel get into a discussion of the subject.

4. From our discussions with officials of National Defence, we believe that General Foulkes may not be entirely sympathetic with Mr. Gill's proposal unless he can get Government approval for a programme for replacing Canadian Army equipment before any of his present stocks are sent abroad. Although he is evidently prepared to take a fairly broad view of the concept of "balanced collective forces" as it applies to Canada, and has, for example, recommended to his Minister since his return from the U.K. that we should be making more fighter and transport aircraft, he would naturally oppose any suggestion, which we understand Mr. Robertson may have in mind, that we supply from our holdings those items of Canadian Army equipment in which our European partners are deficient, up to a limit of equipment in these categories sufficient for one division; the question of replacement need not, in Mr. Robertson's view (as we have it second hand) be decided until the Government have reached a decision on the question of "balanced collective forces" — in other words, on the future size of the Canadian Army which could conceivably be cut down to one division so that we could spend more on air forces and possible anti-submarine naval forces.

5. If we are to make available equipment for one division from Canadian stocks, General Foulkes would rather try to get the United States to replace perhaps up to half of the equipment on condition that we made or bought the rest ourselves. His argument is, of course, that it is more logical for ground and air forces in North America to be equipped with U.S. type equipment and it is in the interests of the United States to have us make the change; there is a further argument that the value of the equipment we may give away would in all probability be only 1/5 or even 1/10 of the cost of replacing it with the latest U.S. type equipment.

6. At our request, the Chiefs of Staff Secretariat prepared a paper, copy attached,† which we had hoped would be suitable to circulate to members of the Panel as an introduction to the discussion of this item. I think you will agree that it was not suitable and, with the agreement of Brigadier Smith, we are giving copies only to you and Mr. Robertson. It shows, however, the line that General Foulkes may take if he is afraid that sending Canadian Army equipment to Europe may be the first

step towards a smaller Canadian Army. The attached paper raises two arguments that are, I think, largely "red herrings":

(a) that the equipment we could make available is obsolescent and would not be wanted by our European partners unless we were prepared to follow it up with an offer of replacing it with better equipment later, and,

(b) that the whole subject is too complicated to consider without setting up elaborate governmental machinery to examine the implications of the proposals, and particularly the question of how we could replace the equipment from our own production or by other means.

7. As you will recall from their last meeting, the Chiefs of Staff Committee agreed that some sort of interdepartmental agency should be set up in order to correlate information and policy in respect to Canadian war production. So that you may have a better idea of what we expect the Chiefs may shortly be proposing to the Panel on Economic Defence, I am enclosing a copy of the memorandum† prepared by the Chiefs of Staff Secretariat on the establishment of a Joint War Production Board.

8. I think that the argument of (a) above is perfectionist because surely our European partners would rather have some equipment, and have it now, than, for example, a promise of better equipment in a year or two. The fact that our European partners know that we regard a six-pounder gun as pretty useless against the latest Soviet tanks does not mean that they would not welcome six-pounder guns and be able to use them effectively against lighter or older Soviet Army vehicles.

9. As regards (b), the lack of a proper organization to study questions of this kind in Ottawa is, I believe, valid, but I wonder whether we might not avoid political difficulties for the Government in having to decide on the establishment of a Joint War Production Organization by, at least for the purpose of the present study, simply setting up an *ad hoc working group* appointed by the Deputies represented on the Economic Defence Panel.

10. I am also enclosing for convenience of reference Mr. Gill's personal letter to you of May 19th and personal Telegram No. 1029 of May 26th,† as well as two telegrams from London, Nos. 898 and 899 of May 12th on which the discussion under this item is to be based.

R.A. M[ACKAY]

512. PCO

Extrait du procès-verbal de la réunion du Comité sur les aspects économiques des questions de la Défense

Extract from Minutes of Meeting of Panel on Economic Aspects of Defence Questions

TOP SECRET [Ottawa], June 12, 1950

The ninth meeting of the Panel on Economic Aspects of Defence Questions was held in the Privy Council Committee Room on Tuesday, June 6 and Wednesday June 7, 1950.

Present

Mr. N.A. Robertson, (Secretary to the Cabinet), in the Chair,
Dr. W.C. Clark, (Deputy Minister of Finance),
Mr. C.M. Drury, (Deputy Minister of National Defence),
Mr. A.D.P. Heeney, (Under-Secretary of State for External Affairs),
Lieutenant-General Charles Foulkes, (Chairman, Chiefs of Staff Committee),
Mr. S.D. Pierce, (Associate Deputy Minister of Trade and Commerce),
Mr. J.E. Coyne, (Deputy Governor of the Bank of Canada),
Mr. R.A. MacKay, (Department of External Affairs),
Mr. N. Chappell, (Department of Trade and Commerce).

Also Present

Mr. H.H. Wrong, (Canadian Ambassador to the United States).

Secretariat

Mr. W.R. Wright (Privy Council Office)
Mr. James George (Department of External Affairs).

. . .

IV. CANADIAN MUTUAL AID

24. *The Chairman* noted that the North Atlantic Council meeting had laid a good deal of stress upon the obligations of all members of the Treaty to make mutual aid contributions in all practicable forms. He then referred to the suggestion which we had received from Mr. Wilgress, that we should see whether it was possible to make certain items of Canadian military equipment available to our European partners.

25. *Mr. Drury* said that as far as the Air Force and Navy were concerned, their plans called for the use of all equipment at present available from the outset of a war, and that therefore any equipment they might make available would have to be replaced before mobilization. The Army, however, could spare some of their mobilization equipment if it were to be replaced shortly after mobilization.

26. *General Foulkes* thought that before we could deal either with the request received from London or with the request of The Netherlands' Government for army equipment, we should first have to know in detail what were the requirements of the North Atlantic area in the light of the recently accepted principle of building "balanced collective forces". As soon as we knew where our forces would fit into this broader plan, and what the forces of our partners were going to be, we should have a clearer idea of what we might be able to part with, as well as of what they needed to meet their deficiencies. However, he emphasized, he saw no way of making a mutual aid contribution without it costing us something, as we had no surpluses available. He thought that we might perhaps persuade the U.S. to help us to replace, with U.S.-type equipment, any of our stocks of U.K.-type equipment which we might be prepared to make available to our European partners. It seemed more logical for U.K.-type equipment to be used by the forces of The Netherlands and Belgium, who were already trained and equipped on this basis and would be fighting in the same sector as the British, and for Canada to go over to U.S.-type equipment, although he realized that we could not expect the U.S. to provide us with replacements for U.K.-type equipment on a one for one basis — we would have to

buy or make at least part of what we needed to replace anything made available to Europe.

27. *Mr. Wrong* observed that the Americans could not make military equipment available to us without an amendment to the Mutual Defence Assistance Act.

28. *Mr. Robertson* thought that there were three aspects to this problem which should be considered at a high level and decisions reached for the North Atlantic area. There was first of all the long-term policy of standardization; secondly, the production and procurement policies which would have to be developed as a result of decisions on standardization (these were important in considering the question of replacement of any Canadian military equipment made available to Europe); thirdly, we would have to think through the concept of balanced collective forces and the broad application of our general objective of lessening the real cost of effective re-armament. It was in these terms that the subject had significance, rather than in terms of equity in sharing the defence burden. In other words, he said, strategic decisions for the North Atlantic area would have to be taken and married to supply and production policies.

29. *Mr. Pierce* thought that it was useful to think in terms of a timetable; that there were some questions which required long-term planning, but that our immediate objective was the strengthening of the defence forces in being of our European partners. We should therefore turn our attention, he suggested, to items of equipment that we could make available as soon as possible to supply known deficiencies of our European partners. He felt one of the items we should consider most carefully was army vehicles.

30. *Mr. Robertson* did not disagree with the immediate objective but felt that we should use this opportunity to put forward our views to the U.S. authorities, especially as U.S. cooperation was in fact the great contingency in our plans for the future.

31. *Mr. MacKay* felt that we could make a distinction between considering what might be done about sending certain items of army equipment to Europe shortly, and the broader question of the role of Canadian war production in replacing those items of equipment and possibly supplying some of the requirements of our partners as well.

32. *General Foulkes* thought that he should correct any misapprehensions which might exist as to the reserves for the Canadian armed forces. While certain items might perhaps be replaced within the first six months of hostilities, we were committed in our joint planning with the U.S. to provide two fully equipped divisions within a year of the outbreak of war. We had a number of vehicles and 25-pounder guns, but even in these categories our stocks were limited.

33. *Mr. Drury and General Foulkes* then raised the question of what military equipment we should be planning to raise in Canada in the event of an emergency, not only for our own armed forces, but also for our allies. Apart from the obvious desirability of getting early agreement to standardize on such items of equipment as the 88 wireless set that we have developed, General Foulkes thought that a good case could be made for setting up plant capacity in Canada to make jeeps. We had had a lot of experience during the last war in the manufacture of vehicles, and there

was every indication that still more vehicles would be needed another time. An effort was being made to develop standard types and fewer of them, and as far as he could see, the jeep was one of the types that we could make most efficiently in Canada.

34. *Mr. Robertson* also raised the question of whether we might not be able to make an effective mutual aid contribution by means of stockpiling in the United Kingdom such commodities as wheat, and, possibly, base metals. He saw possibilities of using an offer to stockpile wheat in the United Kingdom as a means of persuading the U.K. Government to reduce their planned wheat acreage. If they could be assured of a greater stock of wheat in storage in the United Kingdom, they would not need to grow so much and, as General Foulkes also pointed out, anything that we were able to store in the United Kingdom against emergency use would not only utilize shipping space while it was available and cheap, but would cut down shipping requirements which would be extremely heavy in wartime.

35. In this connection, *Mr. Robertson* wondered whether we could not get such countries as Norway to make part of their mutual aid contribution by transporting across the Atlantic anything we could make available under mutual aid to our partners.

36. *Mr. Wrong* observed that we had, so far as he was aware, avoided much serious criticism because of our record during and since the war on economic assistance to other countries. However, it was becoming increasingly difficult to explain our present inaction, especially when our public statements on financial and trade matters were so optimistic in tone, and he felt it would not be long before we would find that our partners, and particularly the United States, would be asking us why we had "dropped out". He therefore thought it important, for political reasons, that we should show our hand soon, and say what we intended to do to help our North Atlantic partners in one way or another.

37. *The Panel*, after further discussion, agreed:

(a) that we should take every opportunity of exploring informally at an early date the views of the U.S. authorities on the range of questions which the Panel had been considering, bearing on "balanced collective forces", standardization, production and procurement policies, and the question of replacements for any items of Canadian military equipment that might be made available to our partners; in particular, an enquiry should be made as to what the U.S. Government were thinking of doing in response to the Netherlands' request for equipment for their forces returning from Indonesia; but,

(b) that it was desirable that any mutual aid contribution the Canadian Government might make should be tabled in the North Atlantic Organization (as the Belgian Government have done with their gift of U.S. military equipment) to be divided in accordance with the principle of "balanced collective forces", and that we should not make bilateral deals with the Netherlands or any other country.

W.R. WRIGHT
Secretary
J. GEORGE
Assistant Secretary

513. DEA/50030-L-40

Le chef de la Direction de liaison avec la Défense au conseiller du haut-commissariat au Royaume-Uni

Head, Defence Liaison Division, to Counsellor, High Commission in United Kingdom

TOP SECRET AND PERSONAL Ottawa, June 14, 1950

Dear Evan [Gill]:

We had a meeting last week of the Panel on Economic Aspects of Defence Questions in order to consider the proposal which Mr. Wilgress and you had advanced for reviewing Canadian holdings of army equipment with a view to determining whether we might be able to make certain items available to our European partners in the North Atlantic Treaty. I am enclosing copies of the Minutes and of the preliminary papers prepared for the Panel meeting — a memorandum dated June 2nd† for members of the Panel and a memorandum dated June 3rd for Mr. Heeney. I am also enclosing a copy of an earlier brief on standardization prepared for Mr. Heeney for the meeting of the Chiefs of Staff Committee on May 31st.†

Unfortunately, Mr. Heeney was not able to attend the second session of the Panel meeting when we discussed Canadian mutual aid. As you probably know, his father has had a stroke and he had to be with him that morning.

As you will understand from reading these documents, a good deal more has been discussed than has been put on paper. Briefly, from the discussions on the official level with the Department of National Defence, the prospect of any immediate gift or contribution of equipment does not seem very good and I think the chief difficulty is the fear on the part of the Army that any equipment given from their present war reserves might be difficult to replace and might even lead towards a decision to reduce the size of the army we are committed to raise in the event of war.

As you will see from the Minutes, there is to be no further study of Canadian Army equipment reserves until we hear from our people in Washington what are the views of the U.S. authorities on the range of related subjects mentioned in Section A of the Panel's conclusions. For your own information, General Foulkes maintained at the meeting of the Panel that we had less than a thousand vehicles of standard army types in stock, of which a little over one-third were three-ton lorries. These figures were not included in the Minutes in the hope that National Defence may later find it easier to revise their arithmetic.

However, as you know, Mr. Pearson has indicated his willingness to consider some specific proposal for Canadian mutual aid and I think he will have been encouraged by the debate in the House last week on his report on the Council meetings (*Hansard* for June 5th) and on the defence debate later in the week (*Hansard* for June 8th and 9th). As I read the debate, the House now realizes that there must be a "price tag" on our membership in the North Atlantic Treaty and is anxious to

know what it is — in terms of mutual aid, and in terms of the application to Canadian armed forces of the principle of "balanced collective forces".

Your memorandum on "Offer of Military Equipment from War Reserves"† was received too late for consideration by the Panel at its June 6th meeting, but has been circulated and will be discussed at the next meeting. I think your emphasis on the need for an offer of not less than divisional scale of equipment that is modern and serviceable is a good corrective to what has perhaps been our tendency in the Department to press the more modest proposal for sending overseas now equipment that we would not be prepared to use for a Canadian overseas force in four or five years' time. Those items of equipment would, of course, be the easiest to pry loose from army reserves, and for that reason we have concentrated our arguments on that limited objective. I think that we should now change our tune somewhat, for, as you point out, the North Atlantic countries would no longer be so grateful for border-line items as they would have been a few months ago. I think we have probably missed the boat on those categories of equipment, especially since the general acceptance in London last month of the idea that the defence of the west should be based on quality weapons as we cannot match Russian quantity of manpower.

We shall be sending you a telegram tomorrow in answer to the immediate points raised in your Telegram No. 1108† about the Copenhagen meeting of the M.P.S.B. and we are prodding people for the rest of the material you will require from Ottawa before the Board meets.

I am sending a copy of this letter to George Ignatieff for his personal information, together with copies of the enclosures.

Yours sincerely,
R.A. MacKay

514. DEA/50030-L-40

Le chef de la Direction de liaison avec la Défense au conseiller du haut-commissariat au Royaume-Uni

Head, Defence Liaison Division, to Counsellor, High Commission in United Kingdom

TOP SECRET AND PERSONAL Ottawa, June 15, 1950

Dear Evan [Gill]:

I wrote to you yesterday about the last meeting of the Economic Defence Panel and the difficulties which we were running into in considering a mutual aid contribution to our North Atlantic partners.

I might add that one of the unofficial results of the last Panel meeting is that an *ad hoc* working group is to be formed of Mr. Drury, Mr. Pierce and General Foulkes to look into the matter of Canadian mutual aid. I think Mr. Robertson's idea in suggesting it was that if Mr. Drury and Mr. Pierce could persuade the

C.G.S. to be a little more enthusiastic about the idea, the technical study could then be turned over to officers at the working level.

For your encouragement, I am sending a copy of a speech which the Prime Minister made at the National Defence College a couple of weeks ago.† I am sending it to you personally as the speech has had a very restricted circulation here.

Yours sincerely,

R.A. MacKay

515. DEA/50030-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1448 Washington, June 30, 1950

SECRET. IMMEDIATE.

MEETING OF THE DEPUTIES OF THE NORTH ATLANTIC COUNCIL

1. In view of the developing international situation the State Department would like to propose that the Deputies of the North Atlantic Council should meet in London sooner than had been previously anticipated (see my message WA-1401 of June 26th).† They suggest that the meeting should take place in London on 18th July.

2. The State Department would envisage this meeting being of the permanent Deputies themselves, at which Spofford would attend.

3. While the 18th is now proposed, it is possible that, should the international situation take a turn for the worse, an earlier date might have to be fixed.[39]

4. The State Department have no definite proposals for an agenda but the idea is that the Deputies would concern themselves with matters of substance as quickly as possible and not confine their attention to organizational questions as previously contemplated for the initial meeting of the "provisional" Deputies.

[39] Cette réunion a par la suite été convoquée pour le 25 juillet 1950.
The meeting was eventually scheduled for July 25, 1950.

516. DEA/50030-D-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1299 London, July 3, 1950

SECRET. IMPORTANT.

NORTH ATLANTIC MILITARY PRODUCTION AND SUPPLY BOARD MEETING, COPENHAGEN

1. With MPSB 77 of June 30th† we sent you the agenda and supporting documents for the Supply Board meetings on July 12th-13th. Previously with MPSB 72 to 74 inclusive of June 19th† we sent you advance copies of the papers on Standardization, Industrial Mobilization and Critical and Strategic Materials with some comments thereon.

2. We have now reviewed with Pierce the reports that are to be put before the Board at their forthcoming meeting, and we feel there is a need for guidance on how far our representative can go in advocating a more empirical approach to the problem of equipping North Atlantic forces. In general, the reports show that very little real progress has been made in carrying out the main tasks that have been assigned to the Board, such as recommending ways and means of integrating production and of meeting deficiencies. The obstacles in the way of greater progress have been enumerated in the document "Analysis of PWS Activities and Recommendations MPSB(50)23)".† In the main, the lack of significant results is attributed to lack of a firm statement from the military authorities as to their requirements (qualitative and quantitative) under the medium-term plan, and of estimates from the D.F.E.C. as to the funds that are expected to be available for defence purposes. The tasks, it is claimed, are essentially long-term ones and military and financial guidance are needed to form the basis of sound planning. The short-term projects which have been undertaken while waiting for more military and financial information, such as the review of current production programmes to achieve some measure of integration, and the matching of surplus production capacity in European signatory countries against known deficiencies have not been successful because in the first case insufficient data about the production programmes was tabled and plans were too far advanced to permit any major adjustments. In the latter case, a number of reasons are given for the lack of more tangible results. Primarily, the difficulty lay in the fact that the P.W.S. were working with "net" deficiencies (i.e. after planned production programmes had been taken into account) and no funds were available to utilize the surplus capacity which was shown to exist.

3. With regard to other activities of P.W.S. some progress is reported in the transfer of surpluses, and a start has been made in standardization and spare parts pro-

duction planning as well as in the new fields of industrial mobilization and critical and strategic materials.

4. We appreciate the difficulties under which the Board has operated. It is in its first year and it has been preoccupied with organizational and procedural matters. The medium-term plan is recognized to be only a first approximation of the forces required and the introduction of the concept of balanced forces will involve a revision of early estimates. We acknowledge that there are indeed a number of valid reasons why the Board could not do more to accomplish the very complicated and comprehensive tasks which its terms of reference assigned to it.

5. In taking stock of the present position, we feel that the Board has been overly concerned with general objectives not too well defined, and has taken too general an approach towards their attainment. For example, a considerable effort has been expended to date in trying to integrate production without placing it in its true perspective. In our opinion, the efforts of the Board should be directed primarily to finding ways and means of furnishing the armed forces of European signatory countries with weapons and supplies. The other tasks of the Board are important but are subordinate to this main objective and should be pursued in the light of it. It seems to us that from the Board's point of view the time to study integration of production is when it has been ascertained that the equipment needed cannot otherwise be supplied and where integration gives promise of greater and more efficient production.

6. In the case of standardization the military are vitally concerned from an operational standpoint, and the Board from a production standpoint. Standardization, which contributes neither to operational efficiency nor to production should not concern us now. In other words, we should take care not to regard integrated production and standardization as isolated objectives or as ends in themselves, but primarily as means of fulfilling the Board's main objective.

7. If this concept is accepted, it seems to us that the Board might make a more concentrated and purposeful effort towards meeting the most critical of the large and varied deficiencies that are known to exist while it is waiting for qualitative and quantitative statements of military requirements under the medium-term plan. U.S. aid is designed to assist in overcoming shorter-term deficiencies. Our proposal that the Canadian Government review its stocks of military equipment to see if some items could be offered, was also designed with the same immediate end in view. While individual countries should continue to consider on their own initiative what they can do now to give effect to the mutual aid principle in Article 3, the Board for its part should seek to supplement such contributions by directing to member countries specific enquiries for specific items of equipment accompanied by a statement of need. In other words, it is our opinion that the Board while continuing to press the military for a comprehensive statement of their total requirements supported by a statement of priorities, should direct a good deal of its energies towards meeting immediate and urgent deficiencies of which it is aware and future deficiencies as they become known. With the information now at hand and with what could be obtained later we think the Board should establish a "task force" for each of the main categories of equipment in critically short supply. It

would be the duty of the task forces to canvass all available sources. In practice they would start with the easiest (i.e. existing stocks, both surplus and reserve, and M.D.A.A. availabilities) and proceed thence to investigate production possibilities. This will turn up a number of problems, both technical and financial. It may reveal the necessity for integrating production or the necessity from the production point of view of standardization. Thus, as we move towards the main objective we would do much to fulfil the subsidiary functions assigned to the Board. The financial problems which would emerge could, under this procedure, be expressed in specific terms and would be referred to the D.F.E.C.

8. It is our feeling that we will make more headway by this method even in the solution of financial problems than if we rely entirely on forecasts of finances that will be available for defence purposes. A recent example of how a job gets done when a clear need is made manifest is in the case of the infrastructure programme. As you know, the Western Union countries a few months ago said that no funds could be spared for this project, but when the clear need was put to them they found some £33 million and no one is quite sure where the money came from. Either there was leeway in national estimates, or the infrastructure was given a higher priority than some planned national projects.

9. Unless you feel differently we are disposed to promote this line of thought in our informal discussions with Board members and possibly with the Board itself.

517. DEA/50030-D-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1315 London, July 6, 1950

SECRET. IMPORTANT.

Your telegram No. 933 of July 4th.† North Atlantic Military Production and Supply Board meeting.

1. We have only a few additional comments to make on specific questions which are likely to be discussed by the Board.

2. The programme of work which the PWS proposes for itself in the standardization field is, as you have concluded, the empirical approach. This is indeed the proposed pattern in several fields of endeavour such as integration of production and provision of spare parts. In the former the United Kingdom are putting forward specific proposals of this kind which are likely to be discussed under Item II of the agenda. Where our proposals as set forth in telegram No. 1299 differ from others is that we suggest that the problems of integration of production and standardization should be examined as part of the main task of overcoming deficiencies of Western European signatory countries and that they be related thereto, whereas the PWS proposals envisage parallel efforts in each of these respective fields. There would

seem to be little doubt that the Board will adopt the specific approach to their problems in one form or the other. If they were to decide to set up the "deficiency task forces" for the purpose described in telegram No. 1299 it would not necessarily mean that integration of production and standardization studies would be suspended. Problems turned up by the "deficiency task forces" in these areas would be referred to the appropriate Working Group for examination. In the meantime they could work away at limited objectives.

3. With regard to standardization, we consider that the interchangeability of fuel, ammunition and high mortality parts of automotive equipment is a promising field leading towards "operational standardization" and we would like to see this examined initially. If you decide that we should go along with this idea it would be useful to have some suggestions from the army as to which items they consider fall into the category of high mortality parts, or which should be standardized for operational purposes. In addition to fuel and ammunition, tires, spark plugs, distributor points, valves, batteries and engine steel have been mentioned. We would caution you against drawing up too large a list, otherwise the effort will be dispersed. In our view it is better to concentrate on a few promising items as a start and then move on to another group. It really boils down to a question of priorities.

4. The maintenance of equipment and the provision of spare parts is as we have said above, another problem with regard to which it is proposed to adopt the specific approach. In the light of the large volume of United States equipment that is being supplied to European signatory countries this is a serious problem and it is one that has integration possibilities. It is proposed to tackle this problem piecemeal and the effort will be concentrated in the first instance on the following categories of army equipment: vehicles, electronics, small arms artillery. This project is now confined to the Western European signatory countries and we have considered whether it would be useful for us to participate in it as we have been invited informally to do. On balance it would seem that our participation would serve no useful purpose. On the one hand we are not making much in the way of United States spares which could be supplied to European signatory countries. If on the other hand we wish at some future time to procure United States spares from European sources we can do so without necessarily participating in the project. We would welcome your comments on this point.

5. You will appreciate of course that if the PWS are instructed to proceed with their work along specific rather than general lines there will be a demand on individual countries for technical persons or specialists in the fields which are tackled, e.g. vehicles, electronics, etc.

518. DEA/50030-K-40

Note de la Direction de liaison avec la Défense pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Defence Liaison Division to Under-Secretary of State for External Affairs

SECRET Ottawa, July 6, 1950

RE ITEM 4 ON THE AGENDA FOR ECONOMIC DEFENCE PANEL JULY 7, 1950
PROPOSAL FOR THE ESTABLISHMENT OF A WORKING GROUP
TO STUDY BROAD ASPECTS OF MUTUAL AID PROBLEMS

The memorandum that has been circulated to members of the Panel as Panel Document ED 16† was prepared in the Department and proposes that the time has come when the Panel should give more detailed study to the problems raised by the possibility of the Canadian Government making a contribution to the mutual aid of our European partners. Mr. Ignatieff has complained, in a personal letter† to me, also attached, that the discussion of this question at the last Panel meeting was too vague and he would like more specific proposals developed to lay before the U.S. authorities, who, he says, are sympathetic towards the idea of helping the Canadian Government with the U.S. dollar problems which would be raised by our making a contribution of military equipment, at least part of which would have to be replaced by purchase from the United States. We have discussed this proposal with Mr. Robertson, Mr. Drury, Mr. Chappell and Mr. Wright and I think the Panel will probably agree to establishing a Working Group. The question then becomes one of how much priority the various departments concerned will be prepared to give to the Working Group's study. As Mr. Ignatieff says in his personal letter to me, the meeting of the Joint Industrial Mobilization Planning Board in Ottawa on August 8th will give us a good opportunity to discuss these matters informally with the U.S. members, and we should be ready to take full advantage of this opportunity with as much factual information as possible on what we could contribute and what form of help we would like from the United States.[40]

2. It should perhaps be emphasized that our proposal to set up a Panel Working Group is not intended in any way to supplant the National Defence study of what items of military equipment might be made available immediately, as suggested by Mr. Wilgress and Mr. Gill. I am afraid the tendency will be for National Defence to postpone a decision until they see what prospects there are of getting replacements for any items of military equipment they might make available, with or without the assistance of the United States. It would certainly be much easier for our representatives in Washington to negotiate satisfactory arrangements with the U.S. authorities if the Canadian Government had already decided in broad terms that it would be prepared to make a respectable contribution to mutual aid if we had some help from the United States in meeting the U.S. dollar problem involved in replacing our equipment.

[40] Voir le document 776./See Document 776.

519. PCO

Procès-verbal de la réunion du Comité sur les aspects économiques des questions de la Défense

Minutes of Meeting of Panel on Economic Aspects of Defence Questions

TOP SECRET [Ottawa], July 11, 1950

The tenth meeting of the Panel on Economic Aspects of Defence Questions was held in the Privy Council Committee Room on Friday, July 7th, 1950 at 2:30 p.m.

Present

Mr. N.A. Robertson, (Secretary to the Cabinet), in the Chair,
Mr. C.M. Drury, (Deputy Minister of National Defence),
Lieutenant-General Charles Foulkes, (Chairman, Chiefs of Staff Committee),
Mr. A.D.P. Heeney, (Under-Secretary of State for External Affairs),
Mr. R.B. Bryce, (Assistant Deputy Minister of Finance),
Mr. J.E. Coyne, (Deputy Governor of the Bank of Canada),
Dr. R.A. MacKay, (Department of External Affairs),
Mr. J.J. Deutsch, (Department of Finance),
Mr. N.R. Chappell, (Department of Trade and Commerce).

Secretariat

Mr. W.R. Wright (Privy Council Office)
Mr. James George (Department of External Affairs).

I. POSSIBLE CONTRIBUTION OF CANADIAN MILITARY EQUIPMENT TO NORTH ATLANTIC TREATY COUNTRIES

1. *The Chairman* inquired whether any further progress had been made concerning possible Canadian contribution of military equipment to North Atlantic Treaty countries since the last meeting of the Panel.

2. *The Chairman, Chiefs of Staff Committee* reported that the Army could make available immediately for use by N.A.T.O. countries approximately $1 million worth of explosives and shells of U.S. design.

With regard to further contributions, it was suggested that, if an offer of equipment of U.K. design were to be premised on replacement by the U.S. of a proportion of the amount donated, then we should approach the latter with a proposal in fairly specific terms. For instance, it might be possible to offer N.A.T.O. 200 25-pounder guns, which it was understood were urgently required by the Dutch, if the U.S. would supply us with 100 105mms.

If the U.S. were planning on providing additional equipment to countries already using that of U.K. design, the only place that such equipment could be obtained was from Canada or the U.K.

3. *The Under-Secretary of State for External Affairs* inquired if there was any equipment, in addition to 25-pounders, which might be made available.

4. *General Foulkes* said that there were other items which could possibly be contributed in certain circumstances.

The deficiency lists which had been circulated by the Military Production and Supply Board were based on operational requirements, and were subject to review.

He understood that the Dutch lacked even training equipment for their troops returning from Indonesia.

If we could ascertain from the U.S. what the urgent Dutch requirements were, we might be in a position to offer to supply a specific part of them, if the U.S. were willing to give us a proportion of U.S. equipment in return. The offer should be put in positive terms asking if Canada were willing to make a definite commitment, how much would the U.S. do to assist us in the way of replacing the equipment involved.

5. *The Chairman* asked whether the terms of the M.D.A.A. would authorize such a deal.

6. *The Deputy Minister of National Defence* said that he thought the M.D.A.A. would permit this kind of arrangement. Further, the terms of the new National Defence Act authorized his department to retain any monies acquired from this kind of negotiation for expenditure on defence purposes.

It was suggested that the extent of the offer Canada was able to make to the Dutch would have a direct bearing on the willingness of the U.S. to help us replace part of the equipment thus made available. Unless it were able to have a fairly substantial effect in keeping the Dutch on U.K. equipment, the U.S. might not be interested.

7. *Mr. Chappell* suggested that, if any arrangement were negotiated on a reciprocal basis, the U.S. might consider that the value of the equipment should be deducted from the $15-$25 million figure established for the reciprocal procurement account for next year.[41] We should try to ensure that a deal of this sort must be considered outside the present limits of the reciprocal purchases account.

8. *Mr. Heeney* suggested that any contribution that Canada decided to offer might be tabled with the Standing Group with a request that it be used in a specific way.

9. *Mr. Drury* suggested alternatively that such contributions might be negotiated bilaterally and then tabled with N.A.T.O.

10. During the course of the ensuing *discussion*, a number of arrangements, such as barter or outright purchase, were suggested for negotiating the kind of arrangement put forward by the Chairman, Chiefs of Staff Committee.

11. *Mr. Heeney* said that the recent international developments gave a much greater sense of urgency to the problem. The U.S. had already indicated that, because of their activities in the Far East, a slowing up of the M.D.A.A. might be expected by the European countries.

It was suggested that this sort of question was one that might be discussed by the ad hoc working group proposed under Item 4 of the agenda for the study of broad term aspects of mutual aid.

12. *The Chairman* suggested that, if such a committee were formed, it might be preferable for it to give consideration to specific proposals rather than to study general principles. While the Panel had agreed at the previous meeting that consideration should not be given to individual requests for assistance, and that bilateral

[41] Voir le document 771./See Document 771.

deals should not be undertaken, it appeared that more immediate progress might be made by such methods than by proceeding on a more general basis. The gaps were so great that anything that tended to fill them would be of assistance. In addition, the quantities of equipment that Canada was likely to be able to make available would not be sufficient to interfere with the concept of balanced forces. We might base our approach on the sort of arrangements that the U.S. and the U.K. had been making with European countries over the past year. We should think in terms of the kind of participation that we could practically and usefully make rather than in terms of a contribution donated on a comparative basis.

13. *The Panel*, after further discussion, agreed:

(a) that the Canadian representative on the Military Production and Supply Board be informed that the Canadian Government were considering making available to N.A.T.O. approximately $1 million worth of U.S.-type ammunition;

(b) that the question of a further contribution of training equipment for use by the Dutch Army be considered by the ad hoc working group to be established for the study of mutual aid problems, bearing in mind the desirability of making a specific offer;

(c) that the Canadian Military Attaché at The Hague be asked to determine from the Dutch authorities their urgent requirements for training purposes;

(d) that our representatives in London and Washington be informed that the question of meeting some of the Dutch deficiencies in training equipment was being explored;

(e) that, on the basis of the Panel Working Group's study of the report from our Military Attaché in The Hague on Dutch deficiencies, a recommendation be made to Cabinet Defence Committee that the U.S. authorities should be informed that consideration was being given by the Canadian Government to a specific proposal for meeting certain of the Dutch deficiencies (i) if they regarded the proposal as useful and (ii) if they would consider assisting Canada in replacing with U.S. equipment part of the equipment made available to the Dutch.

II. MEETING OF MILITARY PRODUCTION AND SUPPLY BOARD IN COPENHAGEN

14. *The Chairman* drew attention to the telegrams† from the Canadian High Commissioner in London, which had been circulated, recommending that Mr. Pierce as Canadian representative at the Copenhagen meeting of the Military Production and Supply Board on July 12th should press for a more empirical approach to the problems of integration, standardization, and so on, as the Board had been making very little progress towards reaching agreement on broad principles or their application over the whole field of military production and supply.

15. *Mr. Heeney* said that he felt the M.P.S.B. had been giving too much attention to studying overall problems and not enough to the attainment of specific results.

16. *The Chairman* thought that the approach recommended would probably also be more acceptable to the Canadian Government on political grounds, while *Mr. Deutsch* agreed and said that it was the only way he could see in which the M.P.S.B. and D.F.E.C. could break the circle of theoretical studies and get down to practical business.

17. *The Chairman* added that he thought the suggestion that spares for U.S. equipment should be made in Europe was in accordance with the arguments we have for some time been putting to the U.S. authorities in favour of reciprocal purchases; the idea of specialized task forces was successfully applied in Canada during the last war by Mr. Howe, through industrial advisory committees.

18. *The Panel* agreed that the empirical approach seemed to be the best way to achieve positive, if more limited results, and asked the Department of External Affairs to advise Mr. Pierce accordingly.

III. STANDBY ARRANGEMENTS FOR PRODUCING U.K.-TYPE MILITARY AIRCRAFT IN CANADA

19. *The Chairman* reported that Air Vice Marshal Sir Ralph Cochrane, Deputy Chief of the U.K. Air Staff, had had conversations recently with Canadian officials on the question of standby production of military aircraft in Canada. The U.S. had shown some interest in adopting the Canberra as a tactical bomber and were sending senior officers to the U.K. to look into the matter. Canada was sending Air Vice Marshal Miller for the same purpose. If the U.S. would adopt the Canberra as a tactical bomber the question of the creation of stand-by capacity in Canada would be much simpler. Before they would accept the Canberra, the U.S. would probably require productive capacity outside the U.K. in either Canada or the U.S., or both.

20. *General Foulkes* suggested that the U.S. were unlikely to adopt an aircraft manufactured to U.K. production standards. If they decided on the Canberra, they were more likely to redesign it to their own standards. It might be more valuable for Canada to consider increasing the production of fighter aircraft rather than go into another type.

21. *Mr. Drury* said that Canadair was capable of producing the F86 at a much faster rate than the present one and that such a step-up would result in a lower unit cost. However, any change in plans should recognize the desirability of keeping plants such as Canadair in continuous operation.

22. *General Foulkes* said that the Orenda engine would be suitable for the Canberra and consequently, if the U.S. decided to adopt it, Canada might develop a wider market for the Orenda.

23. *The Chairman* suggested that, if it were decided to put the Canberra in production, it might be desirable to complete the F86 contract as soon as possible. He thought that there were a number of questions, such as the possibility of accelerating F86 production, the effect of this on unit cost, the possibility of gearing such an acceleration into a shift from F86 to the Canberra, the possibility of increased production of the CF-100, which might be studied for ultimate consideration by Cabinet Defence Committee.

24. *The Panel*, after further discussion, noted the report of the Chairman on recent developments in U.K. proposals for standby arrangements for production of military aircraft in Canada, and requested the *ad hoc* working group on mutual aid problems to consider the question of how Canada, as a member of N.A.T.O., could make the most effective use of her resources for the manufacture of military aircraft.

IV. PROPOSAL FOR THE FORMATION OF A MUTUAL AID WORKING GROUP

25. *The Chairman* drew attention to the proposal of the Department of External Affairs (circulated as Panel Document ED-16†) that an *ad hoc* working group should be established to study the alternative ways in which the Canadian Government might usefully make a contribution of mutual aid to our European partners of the North Atlantic Treaty, while at the same time bearing in mind what form or forms would best serve our own interests from the point of view of our own national economy and defence.

26. *Mr. Drury* said that he thought it would be desirable to have a working group set up, but that its terms of reference should not at first be too broad. *Mr. Deutsch* agreed, saying that he thought the working group should examine what forms of mutual aid seemed to make sense intrinsically in meeting the real needs of our partners, and the problem should not be approached from the point of view of what sort of contribution would look best.

27. *Mr. Coyne* pointed out that there were practical difficulties in the way of making a comprehensive study. He cited as an example the lack of information in Canada on wheat storage capacity in the U.K., which was relevant to any consideration of making a contribution in the form of strategic stockpiling.

28. *Mr. Chappell* agreed that a working group was probably needed, although he thought that his department would find it difficult, especially during the next month, to make available the personnel who could make the best contribution to the subject. He also suggested that Mr. Pierce would be in a good position, on his return from the Copenhagen meeting of the M.P.S.B., to say what field of study would be most appropriate and useful.

29. *The Chairman* said that he thought the working group should be established without delay as it might be helpful to have prepared before the August 8th meeting of the Joint Canada-U.S. Industrial Mobilization Planning Committee a factual study on the basis of which Mr. Pierce might be able to raise with Mr. Howard some of the proposals that have been tentatively discussed at this meeting of the Panel. He thought that in any case it was desirable to place the problem of continental industrial mobilization in its North Atlantic setting.

30. *Mr. Chappell* said that it was not anticipated that the question of North Atlantic requirements would be raised at the J.I.M.P.C. meeting in August; what the U.S. side wanted first was a joint study of North American requirements and it seemed likely that there would be more than enough purely continental problems to keep the Committee busy.

31. *General Foulkes* pointed out that, as we made 70% of our last war production for our allies, we could not afford to ignore Western European requirements, and the sooner we reached agreement with the U.S. on getting on to U.S.-type equipment, the better.

32. *The Panel*, after further discussion, agreed:

(a) that an *ad hoc* Mutual Aid Working Group should be set up to report back to the Panel on ways and means by which Canada could most effectively participate as a partner in the North Atlantic Treaty Organization.

(b) that the Working Group should examine first the specific proposals raised at this meeting of the Panel during the discussion of Items 1 and 3 of the Panel's agenda; and,

(c) that priority should be given to the Working Group's study in view of the international situation.

W.R. WRIGHT
Secretary
JAMES GEORGE
Assistant Secretary

520. DEA/10813-40

Le sous-secrétaire d'État aux Affaires extérieures au haut-commissaire du Royaume-Uni

Under-Secretary of State for External Affairs to High Commissioner of United Kingdom

CONFIDENTIAL Ottawa, July 10, 1950

Dear Sir Alexander [Clutterbuck],

You will recall that in March of this year Canada invited its European partners in the North Atlantic Treaty to train a number of their officers here. It was hoped that arrangements of this sort might alleviate to some extent the shortage of well-trained personnel among European countries, and at the same time might foster co-operation and integration of effort among the North Atlantic nations. The response has already exceeded our expectations, and it is hoped to start the training early in the autumn.

As a corollary to this training in Canada, the Canadian authorities have been considering the possibility of rotating fighter squadrons in the United Kingdom, beginning next spring, to obtain training in more advanced operational techniques in close co-operation with similar R.A.F. units under operating conditions. Both Mr. Claxton and the Chief of the Air Staff have informally discussed this possibility with members of your Government and with the R.A.F., on a number of occasions. I understand that the proposal, in principle, was considered very desirable. It is believed that the experience gained from such an undertaking would be to our mutual advantage in an emergency.

The Canadian authorities have been thinking in terms of an R.C.A.F. fighter squadron operating as a lodger unit on an R.A.F. fighter base. This squadron would comprise only the requisite number of fully qualified air crew and ground crew necessary to service the aircraft, in all about 150 men. The squadron would remain in the United Kingdom for one year or less, when another squadron would replace it. It would be hoped during the first year that R.A.F. Vampires might be used until Canadian aircraft are available.

Agreement would have to be reached on compensation for facilities and services which the R.A.F. would provide. When making proposals to NATO governments

for officer training in Canada, it was pointed out that arrangements requiring transfers of funds might add to the difficulties of achieving practical co-operation. If the United Kingdom authorities are interested in training air navigators in Canada mutually satisfactory financial arrangements which would avoid transfers of funds in either direction might be possible.

This proposal has already been discussed without commitments at the Service level where it is believed that satisfactory arrangements could be made. We should welcome the views of your Government in order that, if the proposal is approved in principle, the necessary plans may be developed.

Air Vice Marshal Miller, Air Member for Operations and Training for the R.C.A.F. is at present in the United Kingdom on other matters, and he will be there until the end of this week. He is familiar with this proposal and can be made available for discussion with the United Kingdom authorities. If your Government agrees to discussion, I hope that it will be possible to make arrangements for talks with Air Vice Marshall Miller within the next few days.

Yours sincerely,
A.D.P. HEENEY

521. DEA/50030-K-40

Le chef de la Direction de liaison avec la Défense au conseiller de l'ambassade aux États-Unis

Head, Defence Liaison Division, to Counsellor, Embassy in United States

TOP SECRET AND PERSONAL Ottawa, July 12, 1950

Dear George [Ignatieff]:

I am sending you separately, under form despatch, the Minutes of the last meeting of the Panel on Economic Aspects of Defence Questions held on July 7th. With this letter, I am also sending you the supporting papers prepared for the Under-Secretary.

You will already have received copies of our telegrams No. 46† and No. 47† to Copenhagen for Syd Pierce. From our telegram No. 47, repeated to you as EX-1094 of July 10th, you will have seen that we are trying to develop a more specific proposal to put to the U.S. authorities as you suggested in your letter to me of July 4th† — which, incidentally, I took the liberty of circulating to members of the Panel.

I am also sending you copies of the draft terms of reference for the Mutual Aid Working Group which the Panel has set up. The terms of reference were prepared chiefly in order to focus our own thinking on what we wanted the Working Group to do and we did not, therefore, press them on the Panel, although copies were circulated at the meeting. The Panel seemed to prefer to develop studies on specific proposals rather than to debate terms of reference that were intended to cover the waterfront. However, I do not think there will be any opposition to tackling any

specific proposals we wish to develop within the framework of these draft terms of reference.

Incidentally, I might say that before we proposed to set up the Working Group, we consulted Mr. Pearson, who thought it would be useful.

As regards the Panel meeting itself, I think you will find the development of General Foulkes' attitude most encouraging. A few weeks ago he was unable to find any equipment that he thought could be made available to Western Europe. Now, although he is not proposing any very large contribution of military equipment, he has come forward specifically with two proposals, one to table with the MPSB or the Standing Group $1 million worth of miscellaneous U.S. ammunition, and the second to give the Dutch 200 British-type guns if we are able to negotiate with the United States for some assistance in replacement with U.S.-type artillery. On being pressed, he said the Dutch guns proposal might be applicable to other items.

We have just heard from The Hague that Colonel Doucet[42] is going to be away until the 23rd of July and this may delay our analysis of items of equipment that could be made available to meet Dutch deficiencies. However, I hope we can proceed, in the meantime, on the basis of the MPSB deficiency lists.

Until we have a specific proposal, we shall not ask you to discuss this matter further with the U.S. authorities. When we do know more exactly what we could do for the Dutch, the amount of our possible contribution will be of considerable importance as, from the U.S. point of view, it might not be worthwhile prolonging the supply difficulties of keeping the Dutch forces on U.K.-type equipment unless Canada could go quite a long way towards meeting their immediate deficiencies, at least in training equipment, if not in operational equipment such as anti-aircraft guns and tanks, in which we are short ourselves. If we can make enough U.K.-type equipment available to the Dutch to make it worthwhile keeping them on U.K.-type equipment, it, of course, avoids the disruption of having to retrain their Army to use U.S.-type equipment. In fact, I understand that much of the Army equipment they are now using was sold or given to them by the Canadian Army at the end of the war.

I should like to draw your attention especially to the extract from Mr. Woodward's memorandum of June 29th, which we circulated with Panel Document ED. 16.† Reading between the lines, it looks as if Mr. Woodward was trying to tell us not only that U.S. commitments in the Far East would slow down their M.D.A.A. deliveries to Europe, but that, as a result, they were anxious to have Canada make a mutual aid contribution of military equipment to Europe and might be able to make off-shore purchases in Canada under the amended M.D.A.A. We should be grateful for anything you may pick up which might throw light on this possibility.

We are looking forward to seeing Rod Macdonald at the Working Group's first meeting this afternoon. The Panel fully appreciated his point about not confusing

[42] Le colonel Herbert E.T. Doucet, attaché militaire de l'ambassade aux Pays-Bas.
Colonel Herbert E.T. Doucet, Military Attaché, Embassy in The Netherlands.

the $15 million to $25 million reciprocal purchases account with any extraneous deals such as that of exchanging 25-pdrs. for 105mms.

I am sending a copy of this letter to Evan Gill with a further explanatory note† of which I am sending a copy to you.

I am also sending you a copy of Evan Gill's personal letter to me of July 8th.†

Yours sincerely,

R.A. MacKay

522. DEA/50030-D-40

Le ministre en Danemark
au secrétaire d'État aux Affaires extérieures

Minister in Denmark
to Secretary of State for External Affairs

TELEGRAM 35 Copenhagen, July 13, 1950

SECRET

Following from Pierce, Begins: North Atlantic Military Production and Supply Board meeting. Reference to telegram No. 1299 from High Commission for Canada in the United Kingdom and your telegram of July 8th in reply.†

2. The Canadian proposal as outlined in our telegram No. 1299 of July 3rd from London was unanimously adopted yesterday for redirection of activities of MPSB to give first priority to function of recommending ways and means of furnishing armed forces of signatory countries with weapons and supplies; and to regard other functions, though important, as subordinate to the main objective and to be pursued in the light of it.

3. The Board unanimously accepted specific Canadian proposals to establish successive end items of war material for main category in which there are deficiencies. The work is to begin at once on the basis of known deficiencies and be expanded as further deficiencies become known.

4. The work of the Board is now being reexamined in the light of these decisions. Some of the general studies will be suspended and strong emphasis placed throughout on empirical approach of alternative activities of the Board.

5. Before we presented the proposals to the Board we had discussed it with the United Kingdom and United States and obtained their support.

6. The full text of our presentation will be forwarded from London with a report of the meeting.† Ends.

523. DEA/50030-D-40

Le conseiller du haut-commissariat au Royaume-Uni au chef de la Direction de liaison avec la Défense

Counsellor, High Commission in United Kingdom, to Head, Defence Liaison Division

TOP SECRET AND PERSONAL London, July 18, 1950

Dear Bert [MacKay],

I was very interested to receive your personal letter of July 12th† which gave me a good idea of how the study of a possible mutual aid contribution is being undertaken at Ottawa. I was also interested to read in George Ignatieff's report that he had a reasonably good first reaction in his approach to the U.S. authorities for some assistance in our replacement programme.

In your letter you asked for my advice on two points — the first one being on the best way of offering a million dollars worth of U.S. ammunition. I do not think that this presents any great difficulty if we offer it as material which is surplus to our requirements. As you know, all countries are asked to offer surpluses as they become available, as a matter of routine, before disposing of them elsewhere. Since the inception of the MPSB some fifteen offers have been made. Some of these have been quite large, such as the Belgian offer of OMA stocks, and others have been small and unimportant, as for example the Danish offer of out-of-date small arms. These offers are not always made free of charge as a mutual aid contribution, and where there is a price tag attached, they have not usually been taken up. Discussion on this subject at the recent meeting of the MPSB has been reported in our telegram No. 1370 of July 17th.† From this you will see that the Board representatives were asked to make future offers of surpluses available on the best financial terms possible. Presumably we would be willing to offer the ammunition without charge in the same way that the Belgians did for OMA stocks. The fact that it is a small or partial offer need not embarrass us unduly.

In suggesting in one of my earlier memoranda† that we should make a substantial offer of up-to-date and serviceable equipment I had in mind the fulfilment of our obligation under Article 3 of the Treaty. I did not, therefore, intend those remarks to apply to offers of surpluses. If we treated the ammunition as an offer of surplus material, whether or not it falls within that category, the scale of the offer is less important.

If there is any uncertainty about our obligation to offer surpluses to North Atlantic countries before they are disposed of elsewhere, you might wish to consider whether the Services should be given explicit instructions on this point.

While on this subject of surpluses, I think we can now assume that no country is interested in the 160 Anson aircraft that we offered last March. You may wish to so advise the RCAF in order that they can dispose of them elsewhere.

The second point — that of earmarking the contribution which we make from reserve stocks for the Dutch — is a little more difficult. I think that it would be

unwise to give this the complexion of a bilateral deal. Such an arrangement would, it seems to me, establish a precedent for specific requests from individual countries and I doubt whether we should encourage this. Not all the European signatory countries are interested in U.K. type equipment. The Netherlands, Belgium and Italy each have some, but I think that proportionately the Netherlands has more than the others. A composite offer of divisional equipment might well be allocated in toto to the Netherlands both on the basis of their need and on the basis of the equipment now in use. I think, therefore, that if an offer of this kind is made it should be made without any strings, and that you should perhaps leave it to me to bring what influence I can to bear on the Chairman and members of the PWS to allocate it to the Netherlands. I would expect that there would be a good prospect of them doing this.

In this connection, if our offer should fall short of a division's requirements I wonder if it would be worthwhile informing the U.K. in advance so that they could decide whether it would be possible for them to make up the difference. I only put this as a suggestion, but it might be something we should consider because I would see better prospects of a full divisional scale equipment being allocated to the Netherlands than a partial offer where there would be less incentive to keep it intact.

Yours sincerely,
EVAN [GILL]

524. DEA/50030-A-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1049 Ottawa, July 22, 1950

TOP SECRET

Repeat Washington EX-1160.
Reference messages WA-1545† and WA-1546† of July 15, from Canadian Ambassador, Washington, repeated to you as telegrams No. 1018† and No. 1019† of July 18. First meeting of North Atlantic Deputies.

1. We shall be commenting separately on other items of the suggested agenda for the Deputies' meeting, and on the views you have expressed in your telegram No. 1392 of July 20,† but as regards Item 4, the Roundup on the World Situation, we have been considering whether or not it would be useful for the Deputies to discuss Korea. A discussion on Korea among the North Atlantic Deputies at this time would, it seems to us, be almost unavoidable if the North Atlantic countries are to take the meetings of the Deputies as seriously as the Council obviously intended they should when the matter was discussed in London. The meetings of Deputies were clearly intended to provide a means of consultation on all important aspects of

the foreign policies of the North Atlantic countries and even if the Korean situation had no immediate bearing on the defence of Western Europe, it would, in our view, come within the terms of reference of the Deputies. Moreover, the Korean war appears likely, even if it does not spread to other areas of the Far East, to affect directly, at least in the short run, both the speed and quantity of U.S. military aid to Europe, as well as our own Canada/U.S. regional planning under the Treaty. While President Truman's message to Congress[43] shows that the United States intend to increase their military production as rapidly as possible, the situation in the Far East, in the short run, may diminish to some extent the ability of the U.S. to supply equipment to meet the immediate deficiencies of Western Europe and to supply the strategic reserve forces contemplated under present North Atlantic plans.

2. Indeed, the whole balance between the defence needs of the North Atlantic area and of the Pacific is at issue. This is, of course, as much a political as a strategic problem, especially for the countries of Western Union at a time when their Commander in Chief is most seriously disturbed at the shortcoming of their defences and the aid contemplated during the next year from the United States. While Medium Term Planning can, no doubt, continue, Short Term Planning and particularly immediate supply questions are bound to be directly affected by the situation in the Far East. It would, we are inclined to believe, be unreal for the Deputies to meet in this situation without facing this serious question and, if possible, arriving at some basis of agreement, as to the policies that it is desirable to pursue. However, there is no reason why we should take the lead in initiating such a discussion, and according to our information from the French Embassy here, it is likely that Alphand will do so, as M. Schuman is apparently anxious to have the Deputies discuss Korea.

3. We recognize, of course, the difficulties in the way of having any useful discussion on such related problems as the admission of Communist China to the United Nations and U.S. policy on Formosa. We would, however, be grateful for your comments as to whether, in your opinion, there will be raised at the first meeting of Deputies concrete questions of policy related both to the Korean war and the immediate problems of North Atlantic planning and supply.

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[43] Voir/See *Public Papers of the Presidents of the United States: Harry S. Truman 1950*, Document No. 193, pp. 527-537.

525. DEA/50030-A-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1050 Ottawa, July 22, 1950

SECRET

Your telegram No. 1392 of July 20.† Draft agenda for first meeting of North Atlantic Deputies.

1. *Secretariat.* While agreeing that there should be close integration of Secretariats, we think that the machinery should be elaborated as little as possible. We understand that the proposed secretariat would in fact be Shuckburgh and the existing secretaries of the DFEC, the MPSB, and the Ocean Shipping Planning Board; hence no new officers would be added. If so, we should avoid the impression, by nomenclature, that the machinery is expanding and that yet another body is being added to the North Atlantic structure. To what other bodies did you refer when you added "etc." after three NATO organs now in London?

2. We agree with suggestion for additional agenda item headed "Organization of Work of Deputies and their relation with other NATO powers".

3. *International staff.* We agree that to avoid duplication a clear need for additional staff must be demonstrated after a trial period before we should agree to recruiting more assistants.

4. *World Situation.* Our telegram No. 1049 of July 22 refers.

5. *Action by Governments.* I do not think that we should initiate discussion, but if reports on action are given by the members you might base your remarks on the Prime Minister's statement of July [19].[44] You may indicate that the Canadian Government is now increasing its defence expenditures considerably over the defence budget for 1950-51, which was in itself a considerable increase over the previous year. For your own information, we anticipate pressure in Washington for further defence expenditure in Canada. Ignatieff is explaining to the State Department Monday the measures approved by Canada for the strengthening of the armed forces. We are repeating to you our telegram to Washington. We may send you a further telegram Monday suggesting a general line.

6. *Consideration of political matters.* We believe that the NAT countries should use the Deputies for raising any political matters of common interest and for discussing them frankly. We hope that the U.S. and U.K. will encourage the free exchange of views of the members of the Deputies. It would be useless to use the

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[44] Voir Canada, ministère des Affaires extérieures, *Le Canada et la crise coréenne*, Ottawa, Imprimeur du Roi, 1950, annexe 14, pp. 32-33.
See Canada, Department of External Affairs, *Canada and the Korean Crisis*, Ottawa: King's Printer 1950, Appendix 14, pp. 28-29.

Deputies merely as a forum for prepared statements in justification of national policies.

7. *Information.* We agree with your assessment of the functions of an information officer. We do not think that a U.S. official should be appointed, though we could not openly oppose a U.S. nomination on the grounds of nationality. One important function of an information officer would be enlightenment of the United States on the views of the European governments. We see no prospect of appointing a Canadian to the post.

8. *Article 2.* We have some doubts about the line which you suggest. A telegram will follow on Monday.

526. DEA/50030-A-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1161 Ottawa, July 24, 1950

TOP SECRET

Repeat London No. 1052.
Following for Wrong from Heeney, Begins: Your message WA-1565 of July 20† re State Department views on Canadian defence problems.

1. No doubt you and Ignatieff have already been taking stock of the ammunition you will want to use when Ignatieff sees Satterthwaite Monday. We might, however, contribute a few suggestions.

2. Should the US officials be disposed to criticise unfavourably Canadian defence policy, Ignatieff should make clear to them that while he has no objection personally to hearing their views, any such criticism put forward officially would be strongly resented in Ottawa, and that in the interest of co-operation in joint defence, such a course should be avoided. He might further point out that the Permanent Joint Board on Defence was specially constituted to study problems on joint defence and that it would be the appropriate body to which new joint defence proposals should be submitted.

3. Ignatieff might also wish to refer to the stepping up of the defence programme approved on July 19.[45] The following are the details:

(a) *Air Force.* Increase production of Orenda jet engines from 20 to 50 a month. Increase production of F-86 from 5 to 7 monthly and of CF-100 aircraft from 3 to 5 monthly. Purchase from the United States 100 Mustangs and 3 year spare parts for operational training. 3 additional stations for radar net.

[45] Voir le document 48./See Document 48.

(b) *Navy*. Bring 2 destroyers and 2 Algerine minesweepers back into commission (from mothballs). Improve the preparedness of some seaway defences. Purchase (possibly from the United States instead of Sorel) naval guns for 9 Tribal destroyers.

(c) *Army*. Bring up our brigade group from its training establishment (as it is at present) to full war establishment (which means more than doubling its strength). Increase anti-aircraft batteries.

(d) Recruitment above Service ceilings of between 5 and 6 thousand men, mostly for the Air Force. (As the Services are at present below their ceilings, the total additional intake to our Armed Forces will be about 8,000 or roughly 17% of their present strength).

4. The total cost of this additional defence programme will be in the neighbourhood of $50,000,000 this year in addition to the $425,000,000 budgeted for defence. As you will recall from the figures tabled with the North Atlantic Defence Financial and Economic Committee in London (document NATO FEC(50)D-12,† Annex 3 of May 3, forwarded with NATFEC 17 of May 20, 1950†), we contend that if our defence budget was on a basis comparable with that of other North Atlantic countries, our figures for defence for the fiscal year beginning 1950 would be $545,000,000 Canadian including such items as:

Research and development in atomic energy and jet aircraft;
various items for veterans' services;
housing for military personnel;
police and security services;
merchant marine and coast guard services;
topographical surveys, aids to navigation, and meteorological services;
civil airfields, ports, transportation and communications services.

These items are not included in our $425,000,000 figure. With the additional defence programme, we shall, therefore, be spending approximately $600,000,000 on defence this year, calculated on a basis comparable to that of other North Atlantic countries' budgets.

5. Should the question of Canadian contributions to Mutual Aid under the North Atlantic Treaty arise, it is suggested that you might point out some of our basic difficulties, among them that Canadian arms production is based primarily on U.K. types and standards, whereas we are endeavouring to shift over as far as possible to U.S. types and standards. It might also be pointed out that we have little information on the U.S. views as to what countries should be encouraged to remain on U.K. types and standards of arms. Until there is agreement on some of these fundamental questions we can do very little in providing effective Mutual Aid.

6. It seems to us that the "empirical approach" which Pierce successfully sponsored at the recent Copenhagen meeting of the MPSB is basic to our present thinking on North Atlantic and defence matters generally. You might point out to the State Department that we would not have pressed the empirical approach at Copenhagen without realizing that it implied that we were prepared to do something for the mutual aid of our partners once we could establish clearly a reliable estimate of their net deficiencies, production prospects and equipment standards. This does not

mean that we propose to wait for all the answers to come in on a number of very far-reaching strategic and industrial questions before we do something, but we do feel that the present information available to us on North Atlantic deficiencies and U.S. policy is not an adequate basis for framing a Canadian mutual aid policy, especially as we depend to so much greater an extent than either the U.S. or the U.K. on the military production of other countries to supplement our own and we can, therefore, only make our most effective contribution towards meeting our own needs and those of others in co-operation with them.

6. The State Department proposal of a possible revival of the Hyde Park Agreement, mentioned in your message WA-1574 of July 20† would, of course, make our defence problem much easier in both its self-help and mutual aid aspects.[46] Ends.

527. DEA/50030-A-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 1054 Ottawa, July 24, 1950

SECRET. IMMEDIATE.

Your Telegram No. 1392 of July 20th.† First meeting of North Atlantic Deputies.

1. In our Telegram No. 1050 of July 22nd, we promised to comment on your suggestions re Item 10 regarding Article 2. As regards the first aspect, the possibility of special machinery being proposed to implement Article 2 after E.C.A. comes to an end, I do not see how we could oppose such a proposal, although we see no necessity for your taking any initiative in proposing the setting of new machinery at this stage. It was at my suggestion that the question of implementing Article 2 was first raised in the Council and, again during the London session of the Council, I secured an amendment to the U.K. resolution in order to make it plain that we were not accepting a low priority for Article 2. In these circumstances, we think any opposition, or even lukewarmness on the part of the Canadian Deputy, to a proposal for studying this question could not easily be explained.

2. As regards the possibility of a discussion arising under Item 2 as to the relative priorities of defence and economic recovery, I fully agree with your paragraphs 12 and 13 that the experience of the London Council meeting is sufficient reason to make us wary of any such discussions in theoretical terms, and I think, as you suggest, that it would be useful to press for the early completion of the costing of the revised Medium Term Plan. In addition, we expect that the United States Deputy may, either formally or informally, try to encourage other North Atlantic countries to review their defence programmes and their financial position in order to determine whether they might not undertake a greater share of the burden, in the

[46] Voir le document 776./See Document 776.

light of the international situation, especially as President Truman's message to Congress last week indicated the scale on which the United States believe defence production must be stepped up among all countries that could possibly afford to do so. This may be a prime motive for the State Department initiating conversations on defence with us today, as you will have seen from our Teletype No. EX-1161 of July 24th to Washington repeated to you as our Telegram No. 1052 of July 22nd. As requested in your Telegram No. 1415 of July 24th,† we are repeating in our immediately following message the text of Teletype WA-1565 of July 20th.†

3. We see no objection to your using in the Deputies meeting most of the points made in our Telegram No. 1052, but we do not think you should quote production figures which were taken from Cabinet conclusions and are highly secret. Recruitment figures are pretty well known to the press and could be used, coupled with the more general statement that we are almost doubling our aircraft production in Orenda engines, F-86's and CF-100's.[47]

528. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1420 London, July 25, 1950

TOP SECRET. IMMEDIATE.

Following from Wilgress, Begins: From conversations with Achilles of the United States delegation, I understand that the United States Government is proposing to submit to Congress around August 5th their proposed legislation for increased military aid to other North Atlantic countries, and I have the impression that the United States delegation hopes to use this session of the Deputies to secure an indication of the intentions of other North Atlantic countries, in both self-help and mutual aid, which would be useful to the Administration. Achilles intimated that the State Department was instructing its missions in each of the North Atlantic countries last weekend to ask the particular Government what steps it was proposing to take to increase its defence effort. The replies would guide the Administration in determining the shape and size of any programme to be put to Congress. Achilles reported that the French had already given indications of an intention to increase their defence expenditures by as much as some 250,000 million francs.

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[47] La version initiale du télégramme se terminait ainsi:/The initial draft of this telegram concluded with the following sentence:
Needless to say, it would not be appropriate to refer even obliquely to the feeling at the back of our minds that U.S. criticism of the Canadian contribution to Korea and the size of our defence establishment generally should be tempered by the realization that we have fought longer than they in two world wars.

2. In these circumstances, I feel strongly that now is the time for the Canadian Government to consider the possibility of taking an immediate decision on the question of contributing equipment on a divisional scale from existing stocks to the European countries in the North Atlantic Treaty. An announcement to this effect, coupled with a general statement of the increase in our own defence programme would, in my opinion, not only help the United States Administration, but would be evidence to other North Atlantic countries of our determination to play our part. Since we are unlikely to be able to justify at this time an increase in our own defence expenditure proportionate to the increase which the United States and the European countries may be making in theirs, some degree of mutual aid on our part might be necessary to produce a comparable increase in our overall effort.

3. I realize that you have been considering the steps which might be necessary to make it possible for you to release such equipment, including consultation with the United States regarding replacement. It seems to us here that, in the light of the new international situation and of the proposed defence and military assistance programmes in the United States, many of these arrangements might now be left, with some degree of confidence, to be worked out at a later stage. Is it going too far to assume that in the present circumstances the United States would respond to any positive offer of assistance which we might make by facilitating (through legislation and otherwise) replacement with United States types in reasonable time?

4. While I recognize that the present estimates of deficiencies are not at all precise, particularly as between United Kingdom and United States types of equipment, we are convinced, as we have indicated in our letter to Heeney of June 2nd† that any offer of serviceable equipment which we might be able to make would most certainly be taken up and put to good use. Ends.

529. DEA/50030-A-40

Aide-mémoire de l'ambassade des États-Unis

Aide Mémoire by Embassy of United States

TOP SECRET Ottawa, July 25, 1950

The President of the United States has proposed a substantial increase in the military effort of the United States. It is his belief that other free nations will likewise wish to increase their defenses and he has expressed his willingness to extend further assistance to help other nations to make their maximum contribution to the common cause. With respect to North Atlantic Treaty countries such a program would be developed in co-operation with them. The President will ask Congress for additional appropriations in order to attain and maintain our common strength at an adequate level.

The President has already proposed an additional expenditure of $10,000,000,000 to carry out the additional United States effort. He has also proposed the imposition of substantial new taxes and a system of domestic controls. It is the view of the United States Government that the world situation requires action by other North Atlantic Treaty countries reflecting a similar sense of urgency. It is

felt that extra efforts will be required by all North Atlantic Treaty governments and of NATO in order to take advantage of the present momentum, and to inaugurate immediately a program whose execution will of necessity take considerable time.

The United States Government hopes to be able to provide estimates of amounts of major equipment items in the proposed U.S. program for planning purposes in London. The United States Government hopes to have by August 5, 1950, the firmest possible statement from European countries, especially the United Kingdom and France, of the nature and extent of this increased effort. The increased emphasis required for North Atlantic defense will be discussed at the meeting of the Council of Deputies starting in London today.

The military authorities of the United States believe that there is sufficient information in the hands of the NATO military planners to permit firm governmental steps to be taken now to increase military effectiveness during the next twelve months, all of which would be in line with the final requirements for 1954. The American Deputy is expected to have available for background use in the London discussions the latest thinking of the Joint Chiefs of Staff with respect to NAT force requirements. In view of the time required between the placing of contracts for equipment for the forces required in 1954 and the time of final delivery of such equipment, it is considered important to place contracts now to the maximum extent possible. It is the general opinion that each North Atlantic country should act in terms of effort over the next two years, to an extent limited only by the ability of each country to recruit, train and maintain manpower to meet requirements under NAT planning, and by the necessity for maintaining a tolerable level of consumption and rate of capital investment during the rearmament phase. It is recognized, however, that an excessive diversion of resources to war purposes could undermine the foundations of military strength. But it is believed that all countries should accept lower levels of consumption than would otherwise be achieved, and will be required to divert resources from peacetime production to other purposes.

It is also considered that each North Atlantic Treaty country should plan for maximum military production effort to meet its own requirements and for distribution to other countries in accordance with the program for concentrating production in the most efficient locations. Normal financial criteria may have to be disregarded but it is hoped that further U.S. assistance will enable the development of a satisfactory arrangement for inter-country transfers. It is felt that each country should make every effort to put into production the most modern weapons available with the broadest possible areas of standardization, but not to the extent that the initiation of quantity production will be delayed.

In order to support the additional forces to be organized and to pay for the military production needed to equip them it may be necessary to call upon the following sources of funds:

(1) Maximum additions by each country to its own military budget by increased taxes, transfer of funds to military from non-military purposes, and curtailing of investment programs of a peacetime nature.

(2) The United States might be prepared to consider a request to Congress for additional assistance to maximize the effort of European countries, particularly in

the field of military production, by means beyond those now permitted under the Mutual Defense Aid Program.

(3) The United States will provide a substantial volume of the same type of end-item equipment as is currently being provided under the Mutual Defense Aid Program.

(4) North Atlantic Treaty countries in calculating their dollar resources should assume the availability of presently planned levels of ECA assistance through 1952 and should not exclude the possibility that assistance beyond 1952 might be available if their military effort makes it necessary in order to maintain their economy at adequate levels.

While the foregoing reflects the opinion of the Executive Branch of the United States Government and does not commit Congress, the feeling of urgency on the part of the American people is such that, given a vigorous effort on the part of other countries, the Executive Branch is confident that the requisite U.S. action will be forthcoming. The extreme importance of immediate action by each North Atlantic Treaty country cannot be overemphasized.

530. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1433 London, July 26, 1950

TOP SECRET. IMMEDIATE.

NORTH ATLANTIC DEPUTIES

1. The principal discussion at this afternoon's meeting related to "reports on action taken or planned by the Governments". Spofford made an impressive statement along somewhat the lines anticipated in our telegram No. 1420 of July 25th. No doubt you will have received the substance of his statement in the communication which I understand the United States Government transmitted to other North Atlantic Governments during last week-end. In any event, we hope to have shortly the full text of the statement for cabling to you. In the meantime the following is a brief summary.

2. Spofford referred to the substantial increase in United States defence expenditures (both absolutely and in relation to the United States national product and national income) which the President's message to Congress called for.

3. As indicated in the President's message, the United States administration also intends to seek funds for further military aid during the present fiscal year. It is hoped to increase both the volume and variety of United States military assistance to other North Atlantic Countries. The administration is prepared to recommend not only that increased amounts of the present forms of aid should be supplied, but

also that new types of aid should be provided. Spofford remarked that these new types might include assistance to enable one North Atlantic country to produce supplies for another, contributions to any arrangements which might facilitate transfers of military supplies among North Atlantic countries, and compensation to various North Atlantic countries for losses in export earnings resulting from the diversion of resources to increased military production. Although the increased defence effort which the present situation required from all North Atlantic countries would doubtless involve the slowing up of the rate of economic recovery and possibly certain reductions in standards of living, the United States administration was anxious to do its part in sharing the additional burdens. The extent to which the administration will be able to seek or secure Congressional approval for such a further programme of military assistance will depend upon information provided by all other North Atlantic countries concerning:

(a) The increase which they themselves are prepared to make in their defence efforts, in terms of additional forces and expanded military production and mutual aid;

(b) The size and nature of the needs of such countries for United States assistance.

4. Spofford confirmed that communications had been addressed to the various Governments through the heads of the United States missions. Presumably each country would transmit its reply through the United States Embassy in its capital. It was suggested that each Deputy might request his Government to provide him with the contents of any reply for the information of the Deputies as a group. In Spofford's view the function of the Deputies in connection with these various exchanges should not be to complicate any bilateral discussions which might be proceeding but should rather be to accelerate the replies and possibly to co-ordinate the results, particularly if the replies raise questions of priorities among defence requirements on which the Deputies as a whole might usefully comment. I should be grateful if you could let me have, as soon as possible, reports on any exchanges which you may have had with the United States Embassy in Ottawa on this subject.

5. Spofford also confirmed that the United States administration hoped to receive the requested information and suggestions from other North Atlantic Governments by August 5th.

In conclusion, Spofford emphasized that:

(a) While the United States Government is preparing to help rebuild the military strength of Western Europe, it is not in a position to carry the increased burden without evidence of similar substantial increases in the efforts of other participating countries;

(b) While the urgency of the present situation had made it necessary to resort to bilateral discussions in order to get the views of other North Atlantic countries on this occasion, the United States administration felt strongly that military assistance by individual countries should be part of North Atlantic planning and it was the intention of the United States that the North Atlantic agencies should be responsible for much of the implementation of any military assistance programme that might result from the present exchange of views.

7. In the discussion which followed Spofford's statement, several representatives made some preliminary observations and indicated that they might have further views to express tomorrow. I made a brief preliminary statement along the lines of your telegram No. 1052 of July 22nd. Unfortunately the United Kingdom representative was not in a position to give the Deputies the substance of the new measures which were being announced at about that time in the House of Commons. He intimated, however, that those measures would involve a substantial increase in United Kingdom defence expenditures.

531. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1434 London, July 26, 1950

TOP SECRET

My telegram No. 1433 of 26th July.

The second meeting of the Deputies was held at Lancaster House this afternoon. Before the Deputies proceeded to consider Item 4, Spofford announced that the Secretary of State had suggested the dates of September 15th and 16th for the meeting of the Council in New York, and asked for approval of suggested date by Foreign Ministers.

2. Hoyer Millar suggested to the Chairman that it might be appropriate to extend an invitation at once to the Standing Group, asking them to send a representative to London to establish liaison with the Deputies. M. Alphand made the further suggestion that in addition to receiving a representative of the Standing Group in London, it might be worth while to appoint an official representing the Deputies to maintain liaison with the Standing Group in Washington. It was finally agreed that the Standing Group should be invited to send a representative to London at once to be present for the discussion of the report of the Standing Group, and to act as a liaison officer on any other matters which might arise involving the arrangements for the co-ordination of work between the Standing Group and the Deputies. It was agreed that this would be particularly useful in connection with the report on the action of the Standing Group, copies of which were available here only a few minutes before the beginning of the meeting. In order to give the Deputies time to study the Standing Group's report† (copies of which I assume are available to you through Washington), the Chairman proposed that we should proceed with Items 5(B) and (C).

3. In connection with the report of the MPSB, I took the opportunity of making a brief statement drawing attention to the practical steps taken by the Board at Copenhagen, and suggesting that the Deputies endorse the practical measures taken

and commend their action to our Governments and other NATO agencies concerned.

4. Both the United Kingdom and the French Deputies, as well as the Permanent Chairman, immediately endorsed this suggestion, which was then approved by the Deputies. Spofford made the point in supporting our view that the end item task force project was not an alternative for the more long-term process of planning in the field of military supply, but would give such planning a greater urgency.

5. The reports on the actions of the DFEC and the report of the Ocean Shipping Planning Board were deferred pending further study, and prior consideration of the report of the Standing Group.

6. The Deputies then proceeded to deal with Item 4 calling for a round-up on the world situation. The Permanent Chairman spoke very briefly, and his brevity and informality set the tone for other speakers. He made the point that the President had recently made the United States position abundantly clear. He noted particularly that the United States had been fully supported in Korea by the North Atlantic Treaty countries, and in the United Nations. Although it was difficult to predict what the final outcome of the present crisis would be, the United States was convinced that the action which had been taken reduced the element of risk. The possibility, however, of further steps of aggression elsewhere could not be overlooked. Spofford emphasized that as the President's message to Congress had indicated, the measures recently taken to increase the resistance to aggression in Korea would also provide for increased military strength in the North Atlantic area. The strengthening of the North Atlantic community was still in the forefront of United States policy. By taking steps to increase its own military preparedness, it was hoped that the United States action would provide part of an overall increase in the defensive strength of the North Atlantic Treaty Powers.

7. M. Alphand spoke next, and made perhaps the best contribution to the discussion. He sketched the developments in the world situation since the Council last met in May, and urged the need for drawing practical conclusions. After praising the courage and swiftness of the United States action in the face of aggression in Korea, he emphasized that had this action not been taken with such promptness the menace of further aggression would be much greater than it is to-day. It was necessary for the Deputies, in the face of the present situation, to accelerate their work and to abandon theoretical exercises in favour of concrete and constructive effort. The period of perfectionism was over and the emphasis should be placed on immediate aims. The obligations in Asia had to be met, but they should not blind us to the continued central importance of Continental Europe. He again repeated the French thesis of the importance of the initial battle and of having adequate troops and armaments on the spot in Western Europe. At the same time, he pointed out the strength of Communist propaganda in Continental Europe and urged that the aim of social and economic stability in the countries of Western Europe should at no time be overlooked. Nor should the impression be given, through the defensive measures now being contemplated, that these measures had an aggressive purpose.

8. Hoyer Millar spoke very briefly, paying tribute to the leadership shown by the United States. The United Kingdom interpretation of the events in Korea was that

the Soviet Union was aiming to eliminate Western European influence in the Far East. It was now necessary to be on guard over a wide area. He made the comment that there had been a tendency on the part of some of the military people to plan either against the last war or for the next war but one. The essential thing was to apply ourselves to the present situation and to meet immediate requirements. Hoyer Millar was clearly inhibited in his remarks by the fact that an announcement was being made at the same time in the House of Commons concerning the United Kingdom contribution of ground forces in Korea and the new measures of increased defence expenditure. It was, however, I think unfortunate that advance arrangements had not been made to make at least the substance of these major decisions available to the Deputies as soon as the House announcement had been made. In the absence of such arrangements Hoyer Millar was only able to give a very sketchy indication of the fact that decisions of importance were being announced today.

9. The Belgian representative quoted from a report of the Belgian Chiefs of Staff, which exposed the glaring disparity between the available Soviet forces, for which he gave figures, and the forces available to the North Atlantic Powers, on which he was more discreet. He said that the Belgian delegation would circulate a working paper to the Deputies outlining what they considered to be practical steps which might be taken to improve the overall defence position.

10. In my remarks I stressed the deterioration of the situation since the meeting of the Council, and referred to the Korean episode as an illustration of the fact that the forces of aggression had moved from the technique of internal disruption to open warfare. The present indications were that the Soviet Union was not itself prepared to embark on war, but had found other means of creating aggression without direct Soviet participation. Korea had created a situation of urgency calling for greater preparedness. I recalled that the immediate background to the negotiations leading up to the North Atlantic Treaty was the Communist coup in Czechoslovakia. The need now was to proceed more quickly and more practically than we had done in the past, and in emphasizing the need for a practical approach, I referred to the lead given in the MPSB by the adoption of the resolution on task forces. I concluded by saying that the Korean situation had increased the necessity for making more rapid progress on defence arrangements in the vital North Atlantic area.

11. The other Deputies all made brief comments along similar lines to earlier speakers.

12. Winding up the discussion, Spofford said that the prompt association of the members of the United Nations with the United States over the Korean crisis had been a great source of encouragement both to the administration and to the American people, and he also expressed gratitude for the tangible evidences of support which had been forthcoming.

532. B.C./Vol.113

Le chef d'état-major aérien du Royaume-Uni au chef d'état-major aérien du Canada

Chief of Air Staff, United Kingdom, to Chief of Air Staff, Canada

TELEGRAM 299 London, July 27, 1950

TOP SECRET

1. This is purely private and preliminary enquiry to you personally with the object of making up my mind whether it is the least use our making a formal approach and whether such an approach would embarrass you and the RCAF which is the last thing I want to do.

2. You will be aware from reports of yesterday's defence debate in the House that we are taking some pretty active steps in the field of production and works to improve our war preparedness. These steps which include the production of substantial reserves of fighters next year will be largely unprofitable unless we can produce the men to use the material both in the air and on the ground.

3. This presents very serious difficulties for us in present circumstances and I am particularly worried about the provision of an adequate reserve of young repeat young pilots fit to take their place as replacements for wastage in fighter command early in war. We have a lot of flying reserves but they are most of them getting a bit old to be fighter boys in war.

4. What I want to be able to do is to train at least another 300 national service entrants as pilots in peace beginning January next year and on present form see no prospect of being able to do so in this country. Do you think there is the least chance of Canada being able to take on all or any of this job.

5. I know you will give me your frank opinion. If you say it is no good pursuing it I shall drop it. If you say you think it might be worth suggesting formally I shall not mention this exchange of signals unless you authorize me to do so.

6. I expect you will have heard from Pirie[48] that I have very regretfully had to cancel my visit to Canada and the States this fall. Am hoping to see you here for the SBAC[49] show and shall hope to get to Canada perhaps next spring if the smoke clears a bit.

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[48] Le Maréchal en chef de l'air, sir George Clark Pirie, Chef d'état-major de l'Aviation royale auprès de la Mission britannique interarmées aux États-Unis.
Air Chief Marshal Sir George Clark Pirie, Head of Royal Air Force Staff, British Joint Services Mission to United States.

[49] Society of British Aerospace Companies.

533. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1444 London, July 27, 1950

TOP SECRET. IMPORTANT.

NORTH ATLANTIC DEPUTIES

1. The sub-committee concerned with arrangements relating to the Secretariat, staff, and the exchange of information within the NATO met this morning and is to meet again tomorrow morning.

2. At the meeting of the Deputies this afternoon, Spofford began by enquiring whether any representatives were in a position to comment further on the statement which he had made the day before (see our telegram No. 1442 of today†). In the absence of any substantial observations, the Deputies proceeded to discuss item 7 on the agenda relating to "further action required on matters referred to in the immediately preceding items".

3. Alphand suggested that consideration should be given to the establishment of a common North Atlantic budget consisting of some portion of the funds in the defence budgets of member countries (or of the expected increases therein) which might be used to overcome some of the problems involved in the production and transfer of military supplies within the North Atlantic area. He thought that some provisional financial arrangements might be required for dealing with the immediate difficulties (which relate not only to transfers among countries but also to internal budgetary problems).

4. Spofford then presented a United States proposal, the text of which is reproduced in my immediately following telegram.† The effect of his proposal is to suggest a definite programme of work and timetable for the Standing Group, the MPSB/PWS and the DFEC/PWS to make recommendations to the Deputies for the best and most rapid use of any additional funds which member countries might make available as a result of recent developments. On the proposed timetable, recommendations would be made to the Deputies by August 25th. Spofford emphasized that this proposal was not intended to conflict with the "end-item task forces" being established by the MPSB. The objects of the proposal are to provide a basis on which effective action can be taken if additional funds (including those anticipated from the United States) become available, and to serve as a means of bringing before the Deputies in specific terms the most troublesome policy questions. If it was felt that the proposal might be interpreted as duplicating the activities of the "task forces" the Deputies might wish to emphasize that this work is intended to fit in with, and to reinforce, the efforts of the "task forces". If the Deputies were to accept his proposal, they might at the same time urge Governments to expedite the work of the "task forces".

5. Alphand suggested that in the first sentence of paragraph 3 in the United States proposal the words "in Europe" should be replaced by "in the NAT countries" (and presumably also "European" in the first sentence of paragraph 1 should be replaced by "North Atlantic"), since the problem should be considered on a broad North Atlantic, and nor merely European basis. He also suggested that there should be some recognition in paragraph 4 of the fact that the DFEC/PWS is unlikely to produce a concrete recommendation and that the solution will have to be found in discussions among the Deputies, assisted by the DFEC/PWS. Finally, he proposed that the Deputies should request the Standing Group to take account not only of equipment requirements for the armed forces, but also of requirements for the "infrastructure" (i.e. the common supporting facilities and services, such as airfields, communications etc).

6. In commenting on Alphand's first suggestion Spofford remarked that the survey of production capacity was intended to relate to surplus capacity already in existence. He doubted that, particularly in the light of President Truman's recommendations, it could be said that there was idle capacity in the United States for producing munitions. In fact, it was proving necessary to use not only existing facilities but to convert plants from the production of civilian goods.

7. Spofford was inclined to agree with Alphand's second suggestion, since he recognized that the DFEC/PWS would probably not be able to do more than put forward various alternative proposals, leaving differences of view to be resolved by the Deputies. In his opinion, the DFEC/PWS might suggest provisional or ad hoc arrangements for specific cases or it might suggest general arrangements suitable for the longer term.

8. Concerning Alphand's suggestion regarding the inclusion of the "infrastructure", Spofford felt that this suggestion raised complicated questions and he was not sure that the Standing Group would be able, at this time, to provide much guidance. He undertook, however, to consult with his military advisers on the possibility.

9. Several representatives indicated that they would like to have the general financial problem discussed by the Deputies, rather than by the DFEC/PWS, at this stage. The Belgian Deputy, in particular, felt that it was a matter which the Deputies could now usefully consider. He suggested that consideration might be given to the establishment of a clearing or compensation arrangement under which those countries supplying equipment to others would receive a credit in the clearing account and those receiving equipment would be debited. Any country which was an over-all creditor in respect of such transactions in military supplies at the end of each period would be paid the balance in a suitable currency which would have been contributed to the pool (including, presumably, United States dollars). Spofford felt that this might be one of the suggestions which the DFEC/PWS would put forward. He thought there might also be other suggestions which the DFEC/PWS would be prepared to submit for discussion by the Deputies.

10. The work programme and timetable proposed by Spofford will be considered further by the Deputies tomorrow afternoon. Since the principal effect of the proposal is merely to accelerate work which the NAT bodies have already been author-

ized to undertake, it was not felt that the formal approval of Governments need be sought.

11. After tomorrow afternoon's meeting the Deputies plan to adjourn until Tuesday, when it is hoped that they will be in a position to give some indication of the replies which their Governments are making to the United States enquiry of last week-end. It is also expected that a representative of the Standing Group will be available to meet with the Deputies early next week.

12. I should be grateful for any further information which you may be able to give me regarding your reaction to Spofford's statement reported in my telegram No. 1442, and to the related discussions which our Embassy in Washington has been having with the State Department. It would also be helpful to receive any further views which you may have on the manner in which the question of Article 2 should be dealt with at this meeting of the Deputies. In this connection, as you will have seen from our message No. 1421 of July 25th,† reporting on a conversation with Achilles, there is some expectation that we might take the lead in the discussion on this subject.

534. DEA/50030-A-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1091 Ottawa, July 31, 1950

TOP SECRET. IMMEDIATE.

NORTH ATLANTIC DEPUTIES

Following from Reid, Begins: Referring to Tuesday's meeting of Deputies, it is regretted that we have no further information to give you for use in your comments on the Chairman's statement. This does not (not) mean that the present international situation is not (not) being taken seriously here but simply that no (no) concrete steps beyond those reported in our telegram No. 1052 of July 24th have yet been taken. While developments are probable over the next few days we cannot at present anticipate them.

As you know conversations have been going on in Washington about defence production preparatory to the meeting of the Joint Industrial Mobilization Planning Committee but we do not feel it would be appropriate to mention them at the meeting of Deputies.

If you feel it essential to comment on the Chairman's opening statement as given in your 1442 of July 27th† it is suggested that you express appreciation of the lead taken by the United States and indicate that Canada will carry its appropriate share of responsibilities. You might cite the increased defence programme as set forth in our 1052 of July 24th as an earnest of the Government's intentions indicat-

ing that this programme is an interim one and that further substantial increases in defence expenditures are anticipated. In this connection it would be appropriate to quote from the Prime Minister's statement of July 19th especially the second last paragraph.

With regard to the proposed fund discussion in your 1459 of July 31st,† I hope to send you comments tomorrow. Ends.

535. B.C./Vol.113

Projet d'une communication du ministère des Affaires extérieures au haut-commissaire du Royaume-Uni[50]

Draft Communication from Department of External Affairs to High Commissioner of United Kingdom[50]

[Ottawa, August 8, 1950]

As you are now aware the Canadian Government is taking immediate steps to expand the armed forces and increase production and production facilities of aircraft and other military stores. Realizing that the recently announced expansion of defence programmes in the United Kingdom will undoubtedly overtax training facilities in the United Kingdom for RAF aircrew the revised RCAF plans can make provision for the training of a substantial number of RAF pilots if so desired.

I would be grateful if you would advise your government that the Canadian government desires to offer assistance in the training of pilots for the RAF, over and above the offer made by the Minister of National Defence in his letter of March 17, 1950, to your Minister of Defence, all the vacancies in which have been taken up by other countries. This will probably require the opening of a new flying training school.

In my letter to you of July 10, 1950, I advised you of the wish of the Canadian government to send RCAF fighter elements to the United Kingdom to obtain experience in more advanced operational techniques in co-operation with the RAF. My letter mentioned also the desirability of reaching a mutual financial arrangement to avoid the transfer of funds. It seems to us that the very heavy expenditures involved in the present proposal should be considered with regard to our own proposal for gaining experience in the United Kingdom and other similar proposals, for example the possible purchase of Sea Furies which we have under discussion, so that as far as possible cooperation for defence between the two countries is carried out on a mutual aid basis, minimizing the necessity for transfer of funds.

When a decision has been reached on this offer detailed arrangements along these lines could then be made between the departments of government concerned.

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[50] Rédigé par le ministre de la Défense nationale et envoyé au secrétaire d'État aux Affaires extérieures, au secrétaire du Cabinet et au chef de l'état-major des forces aériennes.
Drafted by the Minister of National Defence and sent to the Secretary of State for External Affairs, the Secretary to the Cabinet and the Chief of Air Staff.

536. PCO

Conclusions du Cabinet

Cabinet Conclusions

TOP SECRET Ottawa, August 10, 1950

Present:

The Minister of National Defence (Mr. Claxton), in the Chair,
The Minister of Transport (Mr. Chevrier),
The Minister of Finance (Mr. Abbott),
The Secretary of State for External Affairs (Mr. Pearson),
The Minister of Justice (Mr. Garson),
The Secretary of State (Mr. Bradley),
The Minister of Veterans Affairs (Mr. Lapointe).

The Secretary to the Cabinet (Mr. Robertson),
Mr. W.R. Wright, Privy Council Office.

Also present:

The High Commissioner for Canada in the United Kingdom (Mr. Wilgress).

The Under-Secretary of State for External Affairs (Mr. Heeney),
The Deputy Minister of Finance (Dr. Clark),
The Associate Deputy Minister of Trade and Commerce (Mr. Pierce),
The Chief of the General Staff (General Foulkes).

NORTH ATLANTIC COUNCIL; REPORT OF CANADIAN REPRESENTATIVE

1. *The High Commissioner to the United Kingdom* gave an outline of the proceedings at the first session of the North Atlantic Council Deputies which had just concluded in London. The main theme had been the urgency of the present international situation and the necessity of building up, as rapidly as possible, the defences of the North Atlantic Treaty countries.

The Chairman of the Council Deputies, Mr. Spofford, had taken a number of initiatives towards this end. The first was clearly to define the important political decisions that would have to be taken before further progress could be made. While it was realized that political decisions could not be made by the Deputies, the necessity of bringing the problems out in sharp focus for consideration of the North Atlantic Council was stressed. A major political question was the French desire to have as many British and American divisions as possible available for the immediate defence of Europe. While this presented many difficulties, Mr. Spofford had recognized the need of reinforcing French morale, if France was to play her full part in the collective security of the North Atlantic countries.

In an effort to encourage accelerated defence programmes in the European countries, notes had been sent to these governments urging that, in view of the menacing international situation, every effort be made to increase their defence efforts so that the state of military preparedness that had been contemplated by 1954 might be reached inside of a two-year period. Stress was laid on the necessity for achieving maximum military training and maximum production for military purposes before 1952. Governments were urged to increase domestic budgets and endeavour to meet increased expenditures by raising taxation levels. The U.S. Government had

indicated that it was prepared to consider increased assistance along a number of lines.

A slightly different approach had been made to the Canadian Government, based on recognition of the fact that Canada would be a net supplier of arms. Mr. Spofford had explained that in order to get the whole hearted approval of Congress and the American people for the large increases in the defence appropriation, particularly the $4 billion for mutual aid, it would be necessary for other countries also to indicate their willingness to make increased sacrifices for their defence.

The second approach made by Mr. Spofford had been addressed to the urgent need for military equipment. Thus far little progress had been made in resolving the problems of standardization, production and financing. A provisional programme had been agreed which required the Standing Group to compile a list of the highest priority equipment, broken down in types, by August 15th. By August 23rd, the Permanent Working Staff of the Military Production and Supply Board had been requested to provide a list of production facilities available in Europe to meet these deficiencies. By August 25th, the Permanent Working Staff of the Defence Financial and Economic Committee was to recommend provisional mechanisms for the utilization of funds made available by all North Atlantic Treaty countries for military production in Europe in order to permit the most effective and efficient production. Emphasis had been placed on utilizing the surplus productive capacity available at present in Europe but which up to now had not been utilized because of transfer difficulties.

Arrangements had been made for the Standing Group to visit London during the meetings so that the Deputies could have the benefit of their advice. The Group had confirmed the urgency of the present international situation and had laid great emphasis on the inadequacy of the current production of military equipment. In addition, the need for much larger forces in being to deal with the international situation had been stressed. In this connection, it was learned that the Group had prepared a report on collective balanced forces which was likely to be made available in the very near future. Apparently this report would indicate the primary role of each region and each nation. However, there was some possibility that it might be of too general a nature to be of assistance in resolving the political problems with which the North Atlantic Treaty Organization was faced.

In an effort to solve the problem of transfer of military equipment, a number of proposals had been advanced including a clearing agreement and a common fund. The difficulties in the first proposal made its realization unlikely. There had been some indication, however, that the Americans would support the idea of a common fund, made up of contributions from member countries, and used to finance transfers of equipment. This idea was being actively sponsored by the French and other countries on the continent of Europe. The United Kingdom were opposed to the concept of such a fund on the grounds that it was cumbersome and unnecessary and also that it presupposed some sort of super-national authority which would be necessary to determine the allocation of the fund. They had suggested instead a free exchange of military equipment between the European countries underwritten by Mutual Defence Assistance Programme. Where one country sustained an unfair

burden because of such an exchange, they would obtain compensation from M.D.A.P.

While the reports of the Military Committee, the Military Production and Supply Board and the Defence Financial and Economic Committee would deal with methods of stimulating production in Europe, Canada would be expected to give some indication of its readiness and ability to meet the deficiencies of the highest priority equipment when the question was discussed at the next meeting of the Deputies to be held later in the month. It was suggested that the deficiencies were so great that production might be usefully started immediately and that further refinement of requirements would be done by the end-item task forces established by the Military Production and Supply Board at their last meeting.

With respect to the inadequacy of forces in being, each Deputy was requested to report by August 28th to the North Atlantic Council Deputies, the steps presently planned to be taken to increase his country's total effective combat forces over and above those now planned for July 1st, 1951; the report to include an estimate of the effective increase of military formations to be achieved by these measures.

2. *The Chairman, Chiefs of Staff Committee* suggested that any return made in this respect should be on the lines of the United States return. Last year the United States and Canada had not tabled such information, pointing out that all requirements for the defence of the North American region would be met from within that region itself. Appendices had been tabled showing what forces could be made available at certain periods after the outbreak of hostilities.

3. *The Secretary of State for External Affairs* said that there would be pressure on Canada from France to supply occupation troops in Europe. It could be pointed out in reply that Canada would not be able to carry out effectively a role of producing equipment for Treaty partners if a substantial part of the Canadian manpower force were diverted to the Armed Forces. However, this obviously would not be an effective answer unless Canada was prepared to produce substantial amounts of equipment for other countries.

4. *General Foulkes* pointed out that a primary role of the North American region was the provision of strategic reserves. Canada might be called upon to assume additional responsibility towards this end in view of the heavy United States commitments abroad.

In considering the kind of equipment that might be produced in Canada our own military requirements must be kept in mind. There were a number of weapons, such as rocket launchers, which could be produced in Canada and for which there was a Canadian as well as a European requirement.

It might be that the most useful contribution would be in weapons of U.K. design which could be made available immediately to European countries and subsequently replaced here by weapons of U.S. design to be produced either in Canada, the United States or both countries. For instance, the Canadian Army held most of the mobilization stores for two divisions. This was all U.K.-pattern equipment. At present Belgium was equipping two of her divisions with U.K.-type weapons and the third with U.S.-type weapons. It would be sensible to work out some arrangement whereby the third division was equipped with U.K.-type weapons

from Canadian sources which would be replaced here with U.S.-type weapons. Another possible contribution would be to send the present Vampire aircraft to European countries and replace them with F-86's from home production, as these became available. Again, there were a number of anti-aircraft guns and mobilization stores which were urgently required and could be put to immediate use in Europe. These could be replaced by weapons of new design from North American sources of production.

5. *The Associate Deputy Minister of Trade and Commerce* said that little progress had been made with previous proposals to make U.K.-type weapons available to European countries and replace them with U.S.-type weapons produced in Canada and the United States, because any such proposal involved the expenditure of a considerable amount of money which it had not been certain would be available for this purpose. If general provision were made by the Canadian Government for the production of equipment, then some suitable scheme could probably be worked out.

With regard to the question of production, it was pointed out that there was very little surplus capacity in Canada at present and this appeared to be chiefly in lines for which there was no urgent European requirement. Production of high priority equipment could not be entered into until there was more specific information on requirements. There was already expanded surplus capacity in the case of the F-86 and Canuck aircraft. However, neither of these types was at present required by European countries.

6. *The Minister of National Defence* suggested that we would be unable to find the necessary manpower for substantially increased military production without curtailing civilian production.

If quantities of U.K.-type equipment held in Canada were made available to European countries who needed it urgently to equip forces already in being, then arrangements should be started immediately to replace this equipment with new types, probably of U.S. design, and it should be pointed out that such a step would affect Canada's present ability to mobilize forces in accordance with commitments made.

7. *Mr. Wilgress* said that he thought it would be satisfactory if, at the Deputies meeting on August 28th, it could be indicated that Canada was taking steps to speed up productive facilities. He suggested that the first step should be the provision of funds and pointed out the tendency, which was increasing, to compare defence expenditures of various countries as percentages of national income. While it was admitted that this was not a valid basis of comparison, if the figures for a country were substantially lower than for most others this would suggest its defence expenditures might be increased. There appeared to be some advantage in contributing to a global source for equipment to be used in North Atlantic Treaty Organization defence. Not only would it have a good psychological effect, but it would probably prove cheaper to provide a lump sum than to meet requests for individual contributions of various types of equipment as the end-item task forces of the M.P.S.B. made known the requirements.

8. *The Minister of Finance* agreed that the initial expression of Canadian willingness to contribute to the common security should be in terms of an appropriation.

While it was not desirable at this stage to separate what was being done strictly on behalf of Canadian defence from any contribution that might be made to other countries in the way of equipment, it would be necessary to reach some sort of total in order to determine what plans, if any, should be made for general control of the economy.

9. *The Cabinet*, after further discussion,

(a) noted the report of the Canadian High Commissioner in the United Kingdom on the recent meeting of the North Atlantic Council Deputies;

(b) agreed that the Minister of National Defence prepare a draft statement for presentation to the Council Deputies when they next met, indicating the steps being taken or presently planned to be taken to increase Canada's total effective combat forces over and above those planned for July 1, 1951;

(c) agreed that the Secretary to the Cabinet, in consultation with the members of the Panel on Economic Aspects of Defence Questions and the Canadian High Commissioner in the United Kingdom, prepare a draft statement for presentation to the Council Deputies when they next met, indicating what steps Canada was prepared to consider to assist in meeting the high priority deficiencies of European countries in military equipment.

N.A. ROBERTSON

537. DEA/10813-40

Le haut-commissaire du Royaume-Uni
au sous-secrétaire d'État suppléant aux Affaires extérieures

High Commissioner of United Kingdom
to Deputy Under-Secretary of State for External Affairs

CONFIDENTIAL Ottawa, August 11, 1950

Dear Mr. Reid,

Mr. Heeney wrote to me on 10th July proposing that R.C.A.F. fighter squadrons should, in rotation, beginning next Spring, acquire additional training experience at a R.A.F. fighter station in the United Kingdom. In this connection, he also suggested that the United Kingdom authorities might be interested in having some air navigators trained in Canada. He proposed that the whole idea might be discussed in London with Air Vice-Marshal Miller while he was there.

I have now been asked to inform you that the United Kingdom Government cordially welcome the proposal that a R.C.A.F. fighter squadron should be stationed in the United Kingdom from the Spring of 1951 to undertake operational training with the R.A.F., and they agree that questions of ways and means and other detailed arrangements should be pursued in discussions at the staff level. The Air Ministry were very glad to have the initial discussions with Air Vice-Marshal Miller while he was in London.

The United Kingdom Government are extremely interested in the possibility of air navigators for the R.A.F. being trained in Canada and feel that this is one of the points that could usefully be included in the discussions at staff level.

Yours sincerely,

ALEC CLUTTERBUCK

538. B.C./Vol.113

Le secrétaire d'État aux Affaires extérieures au ministre de la Défense nationale

Secretary of State for External Affairs to Minister of National Defence

SECRET Ottawa, August 12, 1950

My dear Colleague,

I refer to the attached draft telegram[51] to the United Kingdom on air training which was sent to me by your secretary on August 8.

I am rather intrigued by the idea of an enlarged air training scheme. I should think it would be a form of mutual aid which would be popular in the country and, as I understand the situation, there is a very great shortage among North Atlantic Treaty countries of air training facilities.

I wonder, however, whether, in view of the increasing urgency of the international situation, the scheme might not be considered on a somewhat different, and perhaps broader, basis than is proposed in your draft telegram; whether, for example, we might not enlarge the offer of training facilities previously made to all North Atlantic countries, suggesting that, where feasible, reciprocal training arrangements would be welcomed as a form of mutual aid. For our part, expenditures on training facilities for other NATO countries might be met out of any mutual aid appropriation which may be approved by Parliament. I suggest that something of this sort might be worth examining.

Time would, of course, be required to work out a scheme of this sort, and I would not wish to delay completion of any arrangements you may wish to make with United Kingdom authorities for the provision of facilities there for R.C.A.F. training. I am, therefore, prepared to forward the telegram as drafted, if you wish me to do so.

Yours sincerely,

L.B. PEARSON

[51] Voir le document 535./See Document 535.

539. PCO

Note pour le Cabinet
Memorandum to Cabinet

CABINET DOCUMENT NO. 199-50 Ottawa, August 17, 1950

TOP SECRET

APPROVED STATEMENT TO BE DELIVERED BY THE CANADIAN DEPUTY AT A FUTURE MEETING OF THE NORTH ATLANTIC COUNCIL DEPUTIES ON THE SUBJECT OF THE PRODUCTION IN CANADA OF MILITARY EQUIPMENT

1. The Canadian Government has already acted to step up the production of military equipment in Canada. It is greatly increasing its defence production programme, particularly in aircraft, naval vessels, armament, and ammunition. Thus, the planned production rates of the CF-100, the all-weather jet fighter developed in Canada; of the F-86 fighter interceptor; of the Orenda jet engine, have been markedly increased. Canadian anti-aircraft equipment is being modified to modern design, and ammunition production in Canadian arsenals is being increased. The planned programme for production of escort vessels and minesweepers is being accelerated and Canada is bringing into commission naval vessels held in reserve. The decisions already taken by the Government to step up the defence effort will result, in the coming year, in an increase of about 40% in Canadian defence expenditure over that reported to the Defence Financial and Economic Committee as having been originally estimated for the current year.[52]

2. The Canadian Government believes that it has taken useful action, in keeping with the needs of the moment. The presently-planned production represents a very considerable increase over the pre-Korean programme, but it is recognized that more is required to be done to meet the heavy needs of North Atlantic defence. In the second World War Canada was a vital and important source of munitions and war supplies for its allies, providing them with 70% of what it produced. Canada is capable of producing even greater quantities in another war, as its industry has been steadily expanding in the last ten years. In normal times, however, Canada is not an important producer of munitions and military equipment, mainly because the requirements of the Canadian Services are not great in relation to what the Canadian industry is capable of producing.

3. In addition to the existing production lines, there are some standby arsenal facilities. There is also some, but not much, unused capacity in commercial industry. Canadian industry generally is working at peak output. Details have been reported to the Military Production and Supply Board.

4. There is a practical barrier to the immediate use of these last two categories — standby facilities and unused commercial capacity. It is that before starting new production lines it is necessary to know what specific types, not merely what broad categories, are most needed. Some contracts can be let to cover Canada's own

[52] Voir le document 48./See Document 48.

requirements and this is being done. But effective utilization of Canadian productive capacity for North Atlantic purposes, depends upon determining the precise types that are most wanted and which Canada is capable of producing efficiently. Then a year or more might be required for the new production of major type equipment, particularly if it calls for new tooling.

5. The Canadian Government is aware that an important role to be played by Canada in collective North Atlantic defence is the supply of military equipment. It accepts these responsibilities and proposes to take the essential first steps to realize this objective. Therefore, the Canadian Government proposes to recommend to Parliament when it reassembles this autumn the passing of an appropriation of $300,000,000 for the specific purpose of financing the provision of additional military equipment, for the needs both of the Canadian armed forces and for those of other North Atlantic countries. This appropriation might cover other aspects of mutual aid such as the provision of training facilities for other North Atlantic countries.

6. Part of this appropriation will be used for further expansion of existing production lines in Canada of certain types of high priority equipment which the Standing Group has indicated are in such great deficiency that any new production can make a most valuable contribution to North Atlantic defence.

7. In view of the seriousness of the international situation, and in view of the time required to get new production going, the Canadian Government proposes to recommend to Parliament that part of the appropriation be used to make available a large part of those stocks of new Army equipment which have been held in reserve for mobilization purposes. The Canadian Government has in mind offering immediately armament and ancillary equipment, including ammunition, of the order of that required for one infantry division. This equipment could be made available immediately and free of charge at Canadian seaboard to any North Atlantic country or countries after consultation with the appropriate North Atlantic agency. This offer is made on the assumption that arrangements can be made for early replacement and in the procurement of some items we shall need the cooperation of the United States. Moreover, if satisfactory arrangements for replacement can be made, similar equipment for a second division and for corps troops could progressively be made available.

8. Further steps to be taken to initiate the production in Canada of high priority military equipment, including the diversion of civilian industrial capacity to military purposes, will probably have to await the results of the investigations of the end-item task forces which are being set up by the Military Production and Supply Board. It is essential that we should know what types of military equipment Canada can most effectively produce for the defence of the whole North Atlantic Community. The passing of the appropriation to which I have referred will enable the Canadian authorities to deal promptly with the recommendations of the task forces without the delay involved in waiting for the necessary financial authorization.

9. While various articles of equipment are in process of production, the Canadian Government would be ready to consult with appropriate North Atlantic agencies in order to assist it in determining what share of the resulting end-products should be

allocated to the Canadian armed forces and what share should be allocated to other North Atlantic countries. Within the limits of the appropriations approved by Parliament, the Canadian Government would transfer to a European member of the North Atlantic Treaty Organization that share of the Canadian production allocated to that country on the basis that the Canadian Government would bear the cost of the Canadian content entering into the end-product and the other North Atlantic Governments would bear the cost of the content contributed by their countries to the production of the end-product. The Canadian Government would be responsible for the costs of delivering the equipment to the Canadian seaboard. The Canadian Government might wish to request reciprocal arrangements for obtaining defence equipment and facilities from countries to which it would be providing equipment and facilities on the above basis.[53]

540. DEA/50030-D-40

Le haut-commissaire par intérim au Royaume-Uni au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in United Kingdom to Secretary of State for External Affairs

TELEGRAM 1588 London, August 21, 1950

TOP SECRET. IMPORTANT.

Your telegram No. 1175 of 17th August,† Canadian representation on end item task forces.

1. It is not possible to say at this time whether the time table for setting up task forces will be adhered to. In Gill's opinion the schedule is far too tight and it is quite impracticable to contemplate one task force commencing their operations on August 25th and four others on August 30th. However, the Chairman of the PWS who is under pressure from his authorities to get the task forces going, is reluctant to agree to any postponement. All sorts of complications are arising. Representatives of certain European countries are pressing for membership on task forces and claiming that in so doing they are carrying out the instructions of their Governments. Security problems are arising which if not solved will tend to handicap the task forces in their work or at least delay their starting time. It is difficult to foresee that these difficulties will be overcome in the course of a few days particularly when the PWS is fully occupied on the Deputies project. However, as we have said, it is intended to adhere to the schedule agreed to last week.

[53] Approuvé par le Cabinet, le 16 août 1950 étant entendu que les crédits de 300 millions de dollars s'étendraient sur 18 mois et que le coût du matériel supplémentaire transféré aux autres pays de l'OTAN serait déduit de cette somme.
Approved by Cabinet on August 16, 1950 with the understanding that the 300 million dollar appropriation was to cover a period of 18 months and that equipment transferred to other North Atlantic countries would be deducted from it.

2. In an effort to persuade European countries to be reasonable about their demands for membership the United States, United Kingdom and Canada did not press for membership. This had some effect but the composition of the task forces as now proposed is somewhat larger than we hoped for, and is a little heavy in European representation while the composition of task forces other than combat aircraft is not finally settled. It looks as though we will serve only on the ammunition and explosives task force, but there is a possibility that Brophy[54] will be elected to serve on the electronics task force. This would be acceptable to the United States who are not proposed for inclusion. The matter should be decided soon and we will advise you without delay. In the meantime we cannot recommend that Brophy should arrive here for August 30th. It would be our suggestion that he hold himself in readiness to arrive on a week's notice. It would also be our suggestion that you do not look for someone to serve on the transport vehicles task force. The United States will have a member on this and it would not appear necessary to have two members from North America.

3. Gill is genuinely concerned that the PWS will set up task forces with inadequate preparations. The blending of Canada-United States requirements and production figures with those of the European countries takes some time and no allowance has been made in the time schedule for this to be done. He will continue to press for a slower pace in setting them up and a faster pace in execution by having the task forces smaller in size.

541. DEA/50030-D-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1187 Ottawa, August 21, 1950

TOP SECRET. IMPORTANT.

Your telegram No. 1588 of August 21.

1. Canadian representation on MPSB task forces was discussed with Pierce, who, while appreciating Gill's motives in not pushing Canadian candidacy on task forces, feels strongly that we should insist on representation on all three task forces in fields in which Canada can make a substantial contribution; i.e., transport vehicles, ammunition and explosives, and electronics. To last two, we have already named our representatives both of whom are very well qualified.

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[54] Reginald McLaren Brophy, président et directeur général de Rogers Majestic Ltd., de Forest Radio Ltd., et de Rogers Electronics Tubes Ltd.
Reginald McLaren Brophy, President and Managing Director, Rogers Majestic Ltd., DeForest Radio Ltd., and Rogers Electronic Tubes Ltd.

2. Brophy plans to leave August 23 for a few days in Holland on private business, and before coming to London will get in touch with Gill. General MacQueen's[55] present plans are to leave for London by air on August 27, arriving August 28. Please confirm as soon as you can that both will be required and that both task forces will commence within a few days of August 30, or not more than two or three days later.

3. Although we have not yet named a representative to transport vehicles task force, you might point to Canadian production record during the last war, when more than 1 million vehicles were produced, mostly for our allies, as reason why we should be included.

4. Considering our production capabilities, representation on three out of twelve task forces seems to us modest and fully justified.

542. DEA/50030-T-40

Aide-mémoire du ministère des Affaires extérieures à l'ambassade des États-Unis

Aide Mémoire from Department of External Affairs to Embassy of United States

SECRET Ottawa, August 21, 1950

The Canadian Government has considered your Aide Mémoire of July 25, 1950, concerning increases in the defence programme of your Government, and shares with the United States Government the view that the present international situation requires urgent action by all North Atlantic Treaty countries to improve their individual and collective capacity to resist armed aggression. Accordingly, the Canadian Government during the past weeks has been actively re-examining its defence and defence production policies, and, since July 1, action has been taken to strengthen Canada's armed forces and general defence position.

The Active Forces (Navy, Army and Air Force) are being increased above the present strength of 48,000 and establishment of 50,000 by recruiting and training additional personnel to build up the effective forces in being as rapidly as possible.

For this purpose, establishments have already been increased by 40%.

As a consequence it is expected that Canadian Fighting Services will be increased by at least 40% by July 1, 1951. These increases will permit us to double the operational activities of the Navy, Army and Air Force.

In the Navy, more ships will be taken out of reserve, commissioned and brought up to war strength. Aircraft and ammunition for the Fleet will be brought up to war complement. The programme of modernization of destroyers and other ships is being accelerated.

In the Army, a Special Force, consisting of a brigade group, has been enrolled and is being trained to carry out Canada's international undertakings under the

[55] Le major-général John Henry MacQueen, président de Canadian Arsenals Ltd.
Major-General John Henry MacQueen, President of Canadian Arsenals Ltd.

United Nations Charter or North Atlantic Treaty. The present airborne brigade group and the anti-tank regiment and other formations are being brought up to war establishments. Anti-aircraft guns are being modernized and the most modern anti-tank weapons manufactured or obtained.

In the Air Force, training facilities for air and ground crew are being increased and personnel and equipment for 28 squadrons at war strengths will be built up as rapidly as possible. Facilities for training air crew, including those of the United Kingdom and other North Atlantic Treaty nations are being further expanded.

The appropriation for the Department of National Defence for the fiscal year ending March 31, 1951, is $425,000,000. Other government expenditures directly contributing to defence, including building construction, atomic energy, aviation research, etc., total another $120,000,000, bringing the present authorized total expenditures for defence purposes to about $545,000,000. Acceleration of the programme approved since Korea will amount to more than $100,000,000 for the balance of the current fiscal year and more than $200,000,000 in a full year. Total expenditures for the fiscal year 1951-52 under programmes already authorized will thus be of the order of $750,000,000. We estimate that in the next three years total Canadian expenditures on defence will be about $3,000,000,000.

The Government has been urgently examining the problem of stepping up production of defence equipment both for Canadian needs and for supplying other North Atlantic Treaty countries and it is proposed to recommend to Parliament at the forthcoming session a special appropriation for these purposes.

The Government has also decided to re-equip Canadian Army units with United States type equipment, if this is feasible. At present the Canadian Army has on hand reserve stocks for mobilization purposes amounting to equipment required for two infantry divisions with supporting corps troops. It is proposed to make available immediately as mutual aid to North Atlantic countries armament and ancillary equipment, including ammunition, of the order of that required for one infantry division. This offer is being made on the assumption that arrangements can be made for early replacement, and in the procurement of some items we shall need the co-operation of the United States. Moreover, if satisfactory arrangements for replacement can be made, similar equipment for a second division and for corps troops could progressively be made available. The Canadian representative on the North Atlantic Council Deputies is being instructed to make this offer known to the Council Deputies. In the meantime, it is understood that informal discussions regarding the possibility of replacements are being held between Canadian and United States military authorities.

The expansion and acceleration of our defence programme will, of course, require the approval of Parliament. It has, accordingly, been decided that Parliament should be summoned as soon as feasible for consideration of the Government's revised defence and production programmes as described above. Meantime, the figures mentioned above are, of course, secret and should in no circumstances be made public.

543. DEA/50030-T-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-1387 Ottawa, August 22, 1950

TOP SECRET. IMPORTANT.

Following from the Under-Secretary, Begins: Yesterday afternoon I saw Harrington (in the absence of the U.S. Ambassador) and handed him two aides mémoire, the first in reply to the U.S. Embassy's aide mémoire of July 25th concerning acceleration of North Atlantic defence programmes and the other in reply to their aide mémoire of August 12th concerning the need of additional ground forces for Korea.[56]

2. The reply to the U.S. aide mémoire of July 25th was based upon decisions reached by the Cabinet in discussions which have taken place during the past two weeks of proposals for the expansion of the Canadian defence and defence production programmes. These discussions eventually focussed upon the statement to be made by Wilgress at the North Atlantic Deputies meeting on August 25th when, as you know, each Deputy will be expected to describe in specific terms the steps which his Government will take to strengthen North Atlantic defence. Wilgress was in attendance throughout these discussions.

3. The net result of the plans approved by Cabinet and embodied in the instructions Wilgress has now taken to London will mean an increase of some forty percent in the strength of our armed forces within the next year and increased expenditure on defence above current Budget figures of about the same percentage. These plans will be laid before Parliament when it meets in the very near future.

4. The reply to the U.S. aide mémoire of July 25th after describing the plans referred to in my previous paragraph goes on to say that Wilgress has been instructed to offer at the North Atlantic Deputies meeting on August 25th U.K. type equipment for one infantry division as Canadian Mutual Aid to North Atlantic countries; this on the assumption that arrangements can be made for early replacement by U.S. types which will require the co-operation of the United States. Similar equipment for a second division and corps troops could progressively be made available if satisfactory replacement arrangements could be made. I told Harrington that an appropriation of three hundred million dollars will be asked of Parliament to cover this part of the Canadian programme. As you will see, it is based on the Government's intention to re-equip the Canadian Army with U.S. types, if this proves feasible.

5. The reply to the U.S. aide mémoire of August 12th concerning ground forces for Korea describes the progress made in assembling the Canadian Army Special

[56] Voir le document 66./See Document 66.

Force and indicates that the force is likely to be available at a relatively early date and that Canadian Military Authorities are now examining with the Unified Command the possibility of having the brigade's training completed outside of Canada, in close proximity to the actual area of conflict in Korea.

6. Copies of the documents are going forward to you by bag but I thought you should have the above information in your possession at once. Ends.

544. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1607 London, August 24, 1950

TOP SECRET. IMMEDIATE.

NORTH ATLANTIC DEPUTIES

Following for Heeney from Wilgress, Begins: At its meeting on 22nd August, the North Atlantic Council Deputies agreed to circulate and to discuss the replies which the United States Government had received to its communication of July 24th and 25th regarding increased defence efforts. Accordingly it will now be necessary to submit a different and more detailed statement before August 28th in response to the Deputies resolution of August 4th. This requirement is set out in paragraphs four and five of document No. 18 — revised D-D/18, dated 4th August.† If you agree, I should like to submit the following memorandum in reply to this resolution. It is possible that some of the data used in the preparation of this memorandum are incorrect. I should appreciate if you would check the figures, particularly those giving the number of aircraft, correct any figures that are wrong, and insert figures requested as follows:

(a) Paragraph 5—strength of brigade group including reinforcements

(b) Paragraph 5—present strength of reserve forces and estimated build-up of reserve forces.

2. Proposed text of memorandum to Mr. Spofford, Begins:

NATO—TOP SECRET—Dated 26 August, 1950

Dear Mr. Spofford,

In accordance with the Resolution of the North Atlantic Council of Deputies of August 4th, I consulted with my Government regarding the steps being taken and those planned to be taken to increase by 1st July 1951 Canada's total combat forces for the defence of the North Atlantic area.

3. In its aide mémoire of August 21st, the Canadian Government informed the Government of the United States of the steps it had taken and proposed to take to strengthen Canada's armed forces and general defence position. I forwarded a copy of the aide mémoire to you on August 23rd together with a statement informing

you of the Canadian Government's plans for the production of military equipment. These two documents show the steps which have been taken and those planned to be taken to increase Canada's total combat forces and to provide the necessary backing of training and equipment. Although these plans are not related to the precise date of 1st July 1951, it is expected that the greater part of them will be implemented by that time.

4. In general, planned increases in manpower, equipment, training facilities and finance should permit us to double the operational activities of the three services by 1st July 1951. In so far as it is possible to do so, the following shows the extent to which present plans for the increase in forces will be implemented by 1st July 1951.

5. The active forces (Navy, Army and Air Force) are being increased above their present strengths of 48,000 to approximately 70,000 and an additional brigade group is being formed with a strength including reinforcements of about (figure to be inserted). An accelerated recruiting programme has been undertaken to increase the strength of the reserve forces from about (figure to be inserted) to approximately (figure to be inserted). This increase in personnel will be reflected in the Navy, Army and Air Force as follows.

6. Army:

(a) The active forces airborne brigade will be brought up to war strength.

(b) One additional brigade group, for operations under the United Nations Charter or North Atlantic Treaty, will be formed. Composition:

Brigade headquarters,
Three infantry battalions,
One field regiment of artillery,
Supporting arms and services.

(c) Build-up of reserve army formations and units.

7. Air Force:

(a) The number of operational aircraft in existing active and reserve force squadrons will be increased and new squadrons formed. This will give an increase of 118 operational aircraft by 1st July 1951.

(b) In addition, present plans provide for a further increase of 226 front-line aircraft as soon as possible after 1st July 1951, or a total increase of 344 front-line aircraft.

8. Navy:

One cruiser will be brought from training to operational state and on one aircraft carrier new type of aircraft is being provided and the front-line strength increased by forty aircraft. Two additional destroyers, two frigates and one minesweeper are being brought out of reserve, commissioned and brought up to war strength. The programme to re-equip the destroyers with the latest types of guns, anti-submarine equipment and radar is being accelerated and the naval construction programme has been increased from nine to twenty-five ships of which the majority will be minesweepers and escorts.

Proposed text of memorandum to Mr. Spofford ends.

9. If the memorandum which I propose to send to Mr. Spofford does not reflect accurately the plans for increasing Canada's defence preparations by 1st July 1951, I would appreciate if you would provide me, by August 26th, with a more accurate one, set out along the general lines of my memorandum. Ends.

545. DEA/50030-A-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1226 Ottawa, August 25, 1950

TOP SECRET. IMPORTANT.

Repeat Washington EX-1435.
Following for Wilgress from Heeney, Begins: Your telegram No. 1607 of August 24, North Atlantic Deputies.

Your memorandum, with the revisions listed below, is an accurate reflection of plans for increasing defence preparations by July 1, 1951, subject, of course, to Parliamentary approval. It may therefore be submitted in response to the Deputies resolution of August 4.

Following are revisions made by Department of National Defence.

Paragraphs 1 and 2, no change.

Paragraph 3. Last sentence. Delete "the greater part of them will be implemented", and add in its place, "implementation will be well advanced".

Paragraph 4, no change.

Paragraph 5. First sentence will read " ... and an additional brigade group is being formed with a strength including reinforcements of about 10,000". Second sentence will read " ... the strength of the reserve forces from about 48,000 to approximately 68,500".

Paragraph 6(b). After the words "one additional brigade group", add "totalling approximately 10,000". The sentence will then continue "for operations under the United Nations, etc.".

Paragraph 7(b). Delete at words beginning "In addition" and ending "front-line aircraft". Replace with the following "In addition, present plans provide for a further increase of 227 front-line aircraft, and replacement of piston-engine fighters as soon as possible after July 1, 1951, or a total increase of 345 front-line jet aircraft".

Paragraph 8. Add the following sentence at the beginning of the paragraph, "No new type of aircraft is being provided for front-line strength. It is intended to maintain existing squadrons; namely, two anti-submarine squadrons, two fighter squadrons, and one training squadron. However, the reserve of aircraft will be increased by twelve Sea Furies." Delete sentence beginning "One cruiser will be brought ... " down to " ... forty aircraft." Delete sentence beginning "two additional destroyers"

down to "war strength", and add "two additional destroyers are being brought out of reserve and commissioned."

546. DEA/50030-L-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1913 Washington, August 25, 1950

TOP SECRET

ADDITIONAL CANADIAN DEFENCE PROCUREMENT AND
NORTH ATLANTIC MUTUAL AID

Yesterday afternoon, while Towe was talking to a junior officer at the Canadian Desk in State Department, it was suggested to Towe that there would be serious difficulties in carrying out the Canadian program as outlined in the two aide mémoires dated August 21st, as there might be some doubt about the availability of United States equipment either for the Special Force or to replace the equipment to be made available as mutual aid to North Atlantic countries.

Today Matthews and Towe discussed this matter with Benninghoff and Vass. Vass stated that there should be no difficulty concerning the equipment for the Special Force since the highest priority would be given to the requirements of any ground troops for Korea. He said that he believed this priority would be given even if the official request to State Department was qualified by saying that it was the intention of the Government to use the force in Korea subject to approval by Parliament.

In so far as the replacement of armament and equipment transferred as mutual aid was concerned, Vass said that availability would be a problem. He obviously is impressed with the desirability of making it possible for the proposal to be carried out. He believes that since it achieves two purposes (a) Standardization between Canadian and American Forces, and (b) The provision of additional equipment for Europe, the possibility of obtaining a reasonably high priority is good. On the basis of the aide mémoire he is going to discuss the problem at a meeting of the Foreign Aid Co-ordinating Committee early next week.

547. DEA/50030-L-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1954 Washington, August 29, 1950

TOP SECRET

REFERENCE ADDITIONAL CANADIAN DEFENCE PROCUREMENT AND NORTH ATLANTIC MUTUAL AID

1. In our WA-1913 of August 25th, we gave a brief report of an informal discussion with Vass and officers of the Canadian Desk of the State Department, on the subject of Canadian mutual aid. The talk at this stage was purely informal and tentative and related mainly to the question of according Canada a high priority in obtaining United States type replacements for the military equipment of United Kingdom type which it is proposed to make available to the appropriate North Atlantic Treaty body. From earlier conversations we had learned that, as at least some of the United States type equipment which we might obtain would be placed in our reserve stocks, shipments to Canada might be given a relatively low priority — the equipment needs of European Treaty countries for their existing forces might be met before those of Canada. As reported, Vass undertook to bring the question to the attention of the Foreign Military Assistance Co-ordinating Committee (FMACC) at its next meeting.

2. Vass informed us this morning that the Canadian problem had been discussed in the FMACC meeting yesterday and that the reception given to our special position was highly favourable. It was the FMACC understanding, in accordance with the terms of the aide mémoire and with Mr. Wilgress' statement to the Council of Deputies, that Canada was prepared to purchase United States equipment, presumably under the provisions of the Mutual Defense Assistance Act, for the purpose of replacement. On the basis of these assumptions, the FMACC directed General Lemnitzer to report to the Committee on the priority which could be given to shipments of United States military equipment to Canada. As we understand it, he was specifically asked to report when United States type equipment could be shipped to Canada to replace United Kingdom type equipment which we would offer to our North Atlantic Treaty partners, on the assumption that we were transferring the United Kingdom type of equipment free of charge and would be willing to pay for the equipment obtained from the United States.

3. Vass, however, also mentioned that Lemnitzer had informed the FMACC that he, (Lemnitzer), had received a letter from "a Canadian General", (unspecified), to the effect that Canada was thinking in terms of providing our European Treaty partners with equipment for two divisions if the United States would let us have, free of charge, equipment for, say, one division. Such an arrangement, Vass said, would not appear to be in accord with the aide mémoire or with Mr. Wilgress' statement

which made no mention of such conditions. It was explained to Vass that we have had no instructions to raise these problems with United States authorities; nor have we received any information additional to that contained in the aide mémoire handed to Mr. Harrington and in the statement made to the Council of Deputies by Mr. Wilgress.

4. As the United States authorities may be expected to seek further information on the suggestions raised by Lemnitzer in the FMACC, further guidance from you would be useful as to the line we should take. A barter arrangement, such as the one alleged to have been suggested to Lemnitzer, would appear to raise certain legal complications as Canada has not requested grant assistance under the MDAA and therefore, under the terms of the Act, unless a request is made, cannot receive such assistance. Nor is there any obvious indication in the aide mémoire that we might be expecting the United States to purchase our United Kingdom type equipment for shipment to Europe. It is probable that some financial arrangements will have to be made with the United States to overcome the drain on our United States dollar reserves, resulting from increased defence purchases in the United States for replacing the United Kingdom type equipment and for equipping additional Canadian forces. It occurs to me that we might make better progress by exploring with the United States authorities the possibilities of increased United States defence purchases in Canada, both for United States defence establishment and for MDAP account, as means of alleviating the foreign exchange problem which may be created by any further extensive Canadian purchases of equipment in the United States.

548. DEA/50030-D-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1665 London, August 31, 1950

TOP SECRET. IMPORTANT.

END ITEM TASK FORCES

1. Reference my telegram No. 1623 of August 25th,† the PWS/MPSB at yesterday's meeting reviewed the question of task force organization in the light of the following consideration:

(a) That there is extreme urgency in setting up end item task forces and that no appreciable delay can be accepted.

(b) That they need basic data which is not now available to us in order to accomplish their mission.

2. After consultation with the military side of NATO in London the PWS have confirmed that more detailed information on deficiencies cannot be expected for a

matter of some weeks. It has, therefore, been decided to set up the task forces, giving them Standing Group estimate of deficiencies broken down in as much detail as possible by narrow categories, (further details have now been received through United States channels from Standing Group), and ask them to proceed with their work in stages.

3. In stage I they would be asked to survey production capacities in European countries and recommend any adjustments they think should be made in the recommendations that the PWS made to the Deputies for stepping up production quickly. There is plenty of scope for adjustment for reasons we explained in telegram No. 1628 of August 26th.† In the course of this work they would be expected to make whatever additional recommendations they can, within the limitations imposed upon them by lack of data as to types, etc., for further increasing production. They would, in addition, familiarize themselves with NATO production problems and generally lay the groundwork for the second stage of their operations.

4. In stage II they would recommend ways and means of increasing production to meet deficiencies, as originally contemplated. Whether stage II will follow immediately after stage I or whether there will be a recess is left open for the moment. It will depend on how long they take to survey capacities and when more detailed information about deficiencies will become available to the PWS.

5. The PWS also agreed on the convening dates and the composition of the remaining eight task forces. Details are as follows:

Category	Member Provided By	Convening Date
B. Artillery	France United States United Kingdom	September 6th
C. Ammunition-Explosives	Belgium United States France Italy	September 13th
D. Electronic	Netherlands Norway Canada United Kingdom	September 6th
E. Combat Vehicles	France United Kingdom United States	September 11th
F. Small Arms	Belgium United States Italy	September 13th
G. Engineering Equipment	Belgium United Kingdom United States	September 18th
H. Transport Vehicles	Italy Canada United States	September 11th
I. Shipbuilding	France Italy Netherlands United Kingdom	September 18th

6. We realize that this is not strictly in line with your instructions and that it is a reversal of the position previously reported. One reason for the change is that the United States decided that since the recommendations of task forces were likely to form a basis for aid, they should be represented on them all (except shipbuilding). They were willing however to accept Brophy in lieu of a United States representative on electronics, and in return for this we withdrew from ammunition and explosives in their favour. As the present allotment might raise complications since the Canadian representative has already been selected for ammunition and explosives and not for transport vehicles, Gill stated in PWS meeting that Canada might have difficulty in changing from the one to the other and might have to ask to be reinstated on the ammunition task force. We hope, however, that the present arrangement will be satisfactory and would appreciate your comments on this point as soon as possible.

7. The United States representative on the transport vehicles task force is from Ford International, and if we are going to industry for our man he should possibly be selected from another company.

8. Brophy has been working at Canada House for the past two days familiarizing himself with the general position in the electronics field. He is formulating some ideas as to how the problem should be tackled with the rather sketchy information they will have to work on and he will probably be in a position to make a very useful contribution when the task force convenes.

549. DEA/50030-D-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 1267 Ottawa, September 1, 1950

TOP SECRET. IMPORTANT.

Your telegram No. 1665 of August 31, Representation on MPSB task forces.

1. We have no objection to present U.S. representation on task forces, but we question the need for Italy to be represented on four task forces while we are on only two.

2. In spite of your difficulties, which are fully appreciated here, it will be necessary for Gill to insist, on Mr. Howe's instructions, for Canadian representation on the ammunition explosive task force on the understanding that we are withdrawing our request for membership on the transport vehicles task force. The membership of Brophy on the electronics force should not be affected. It might be worthwhile mentioning, in support of MacQueen's candidature, that he is not a private industrialist but the head of the Government-owned Canadian Arsenals Limited.

3. It is important that we receive early advice confirming acceptance of our nominee for the ammunition explosives task force to facilitate his making travel arrangements.

4. With regard to information of possible use to Brophy, we have just learned that the data enclosed with our despatch No. 2295 of August 19† is not as complete or accurate as it should be. A further compilation is being made for transmission to London as soon as it is ready, which is likely to be about September 8. Brophy will have noticed how incomplete the information is and our new figures will give a more complete breakdown by types already scheduled for production.

550. DEA/50030-D-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1690 London, September 4, 1950

TOP SECRET. IMPORTANT.

Your telegram No. 1267 of September 1, representation on end item task forces.

1. Representative of Canada has been added to membership for end item task force on ammunition-explosives. This task force is scheduled to convene on September 13 and we will expect General MacQueen for the initial meeting.

2. The above arrangement does not necessarily involve our withdrawal from the task force on transport vehicles and if it is your wish to retain membership on this task force it will be satisfactory. Gill does not feel that it is essential to have both Canadian and United States representation on this task force.

3. We note your remarks about the inaccuracy of the data received with despatch No. 2295.† Gill has already furnished the production information concerning electronics and artillery for the commencement of related task force operations on September 6. He will let them know that the figures are subject to revision and will withhold the information on the other categories until the amendments are received.

4. We will report more fully on task force operations later and will have suggestions to make regarding arrangements for their visits to Canada.

551. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1684 London, September 4, 1950

TOP SECRET. IMPORTANT.
Repeat Washington EX-1503.

NORTH ATLANTIC COUNCIL DEPUTIES

1. Clark and I dined with Spofford on September 1st in his suite at Claridges. Achilles of the State Department and Lincoln Gordon, formerly of ECA, were also there. I believe that, apart from hospitality, one of the reasons for the invitation was to have the opportunity of questioning us about our increased defence efforts. We were able to supply useful background information, and in particular, Clark gave Spofford details about the organization of our defence forces.

2. Later in the evening Spofford asked Achilles to read from a telegram which had been received from Washington. This telegram gave a critical analysis of Canadian defence expenditures. Spofford warned that this was merely an exercise undertaken by certain of their economists and he did not want us to take the statements too seriously, but he would like to know what we had to say in rebuttal.

3. I was able to take some rough notes of the telegram which Achilles read out, and these notes show that the arguments of the economists ran somewhat along the following lines:

4. The Canadian defence expenditures could be expanded by as much as a further 50 per cent and, at the same time, allow for:

(1) 6 per cent increase per capital consumption by 1953 as compared with 1949;

(2) Maintenance of civilian investment at approximately the present percentage of gross national product (21 per cent); and

(3) An absolute rise of about 9 per cent in non-military Government expenditure, which would be somewhat less than the estimated rise of gross national product.

The $3 billion to be spent on defence during the next three years worked out at 5 per cent of gross national product or 6 per cent of national income for the same period. Translated into U.S. dollars, this total amount is equivalent to $2,730 million (U.S.), which contrasts with the estimate of the State Department of $4,212 million (U.S.) for Canada's domestic military potential, which would represent 8 per cent of the estimated gross national product, or 9.5 per cent of the national income.

5. In replying, I pointed out that the percentage of gross national product or national income of the estimated defence expenditure was 1 per cent less than we had been working on, but this is probably due to the United States economists having made their estimates on the basis of forecasts over the three year period. I then

went on to repeat what I had heard the Prime Minister say in Council — that if Canada raised over 20 per cent of the national income in federal taxation and devoted one third of the revenue so collected to defence, we were doing about as much as the people of Canada could be reasonably expected to bear in peacetime. I then explained that it was wrong to compare the percentage of gross national product or national income devoted for defence purposes in the case of a country like Canada with that of a well-developed, thickly settled and compact country like the United States. I mentioned the heavy overhead which we have to carry by reason of our geographical situation and climate.

6. Spofford and his two colleagues expressed agreement in principle with much of what I had to say, and said that they were impressed with the steps we had taken to increase our defence effort and thought we were correct in concentrating on the production of military equipment.

7. The working party of five countries set up by the Deputies to consider the replies to the United States diplomatic approaches of July 24th/25th have been dealing with the question of comparisons of defence expenditure in relation to gross national product or national income. Canada is not a member of the working group, but Norway's representative has been taking a line very similar to our own. We had the opportunity of expounding our thesis to one of the Norwegians and he immediately saw its applicability to Norway. This is in contrast to the previous attitude of the Norwegian representative on the DFEC, who had argued that percentage on national income was the only feasible basis of comparison. The working group have reported and have not attempted to make any comparisons on the basis of national income or gross national product but have concentrated on the inadequacy of the total collective effort in relation to estimated needs.

8. While I think you should not take the analysis of the Washington economists too seriously, I am sure you will find it of interest as indicating the methods the United States is applying for judging the defence efforts of the various North Atlantic countries. I understand from Achilles that those who drew up this estimate are a group of State Department and ECA economists. No doubt Embassy in Washington would be able to identify the individuals who have been concerned with this exercise.[57]

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[57] Note marginale:/Marginal note:
This Wash[ington] exercise is full of potential mischief but we must have our answer carefully prepared. Deutsch should be consulted and point by point argument developed for reference next week. A.D.P.H[eeney] 5 Sept.

552. DEA/50030-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2030 Washington, September 6, 1950

TOP SECRET

Reference your EX-1503 repeating Wilgress' report of his talk with Spofford on September 1st about our increased defence efforts.

2. Benninghoff raised the question informally with Ignatieff in the course of a conversation on other matters, mentioning figures similar to those quoted by Wilgress as having resulted from an analysis in Washington of the comparative statistics of the increased defence expenditures authorized or projected by the respective North Atlantic Governments.

3. Ignatieff took the line that there was little profit in pursuing such a discussion of comparative NAT defence statistics at this time since the matter was under consideration by the Deputies in London and that Mr. Wilgress had already given the official views of the Canadian Government to Spofford and his other colleagues. However, he took the occasion to enquire about the purpose and nature of the statistical analysis which had been made in Washington.

4. Benninghoff recalled that it had been the understanding of the United States Administration, in requesting the Congress for a supplemental appropriation of four billion dollars to provide further foreign military assistance, that recipients of this aid would also make further efforts of self-help. Thus, the President, in his statement of August 1st,[58] had said: "I wish to make it very plain that this equipment will go forward to other countries only to supplement, and not to take the place of, their own strong efforts." Secretary Johnson had been even more explicit in his testimony before Congress when he said: "Our increased military assistance in the form of finished equipment, whether procured in the United States or elsewhere, will be geared directly to the rate at which the recipient nations raise, organize and train the expanded forces to employ this equipment."

5. The statistical analysis, therefore, has been primarily justified in order to provide Congress with information to support the request made by the Administration for increasing grant aid to NAT countries. As Canada is not a recipient of grant aid under MDAP, Benninghoff thought that the comparative statistics on the increased Canadian defence effort would be considered in relation to the requirements of North Atlantic defence planning, rather than for purposes of satisfying Congress on Canada's measures of increased self-help in connection with MDAP appropriations.

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[58] Voir/See *Public Papers of the Presidents of the United States: Harry S. Truman 1950*, Document 204, pp. 564-566.

6. I am therefore inclined to agree with Wilgress that we need not take the statistical analysis of the Washington economists too seriously as long as Canada continues not to receive grant aid from the United States under the MDAP.

7. As regards the origin of the statistics, Benninghoff indicated that while the figures for the European NAT nations had been drawn up after detailed consultation between the State Department and E.C.A., his understanding was that the Canadian statistics had been produced on a more tentative basis in the State Department itself. In fact, the figures probably originated from a study made on a low level in the Commonwealth and Northern European Division of the State Department.

553. DEA/50030-T-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2064 Washington, September 8, 1950

SECRET

My immediately preceding messages.

1. I had some discussion with Mr. Acheson last night on the Canadian defence program and the proceedings at the next meeting of the North Atlantic Council.

2. In reply to an enquiry, I outlined the decisions taken by the Government for an expansion of the Canadian armed forces and for mutual aid to other N.A.T. countries, saying that it was expected that over the next three years Canadian defence expenditure would average about $1 billion a year. I told him that the Government was being criticized from both sides, for doing too much and for doing too little, but that it seemed to me that the program now before Parliament had wide public support.

3. Mr. Acheson was inclined to query whether we could not do more than this. He enquired about the present estimates of Canadian national income, indicating that the percentage to be devoted to defence was lower than he had hoped. I made four points in answering: first, that statistical comparisons were misleading and of not substantial value; secondly, that Canada as a large, sparsely settled country had to carry heavier overhead charges than other parties to the Treaty; thirdly, that in any event it would not be possible to spend usefully larger funds in the present fiscal year; and finally, that if statistics were wanted, Canadian defence expenditure was being increased since the year 1948-49 at a sharper rate even than that of the United States. These arguments, except for the third point, did not seem to carry much conviction to his mind. I alluded in addition to our difficulties in deciding what military equipment could most usefully be manufactured in Canada.

4. Later he enquired about the possibility of Canadian forces being stationed on the continent of Europe. I said that I could only give him my personal view, but I considered that it would be unwise and unprofitable to suggest that Canadian

ground forces should be so employed. The problems of maintaining a force of the size which might conceivably be furnished by Canada would be too great to make the operation worthwhile. It might be easier at some future date for a Canadian air component to be established overseas, although this was certainly not contemplated at the present time.

5. With regard to the Council meeting, we had no detailed discussion. I told Mr. Acheson that I was sure that you would like an opportunity for a brief talk with him on September 14th before the Council assembled. He said that he had a very heavy program for that day, but would try to arrange it.

6. He mentioned that yesterday afternoon the French Ambassador had come to him with an urgent message from Mr. Schuman seeking information on the dollar amount of mutual aid that would be given to France under the mutual assistance program. Mr. Schuman had telegraphed saying that it was impossible to settle the French defence program before the Council's meeting without receiving this information. Mr. Bonnet had also put forward again the idea of a common financial pool. Mr. Acheson had told him that the idea of a common pool was quite unacceptable and that it was impossible to give the French Government any figures on their share of the military assistance funds as this would have to be worked out on the basis of military needs, availabilities, and performance.

7. We then had some discussion on the Turkish application for membership in the North Atlantic Treaty. He and Mr. Perkins both expressed what was to me a surprising confidence in the military strength of Turkey, saying that the Turkish army was stronger and more efficient than any of the West European armies. He does not want Turkey to be admitted, and he hopes that by frank talk with the Turkish Government it will be possible to satisfy them that admission to N.A.T. would not in actual fact increase their security. I suggested that the adoption by the Assembly of the plan for united action to stop aggression might go some way to meet the Turkish desire for contractual defence obligations. Mr. Acheson thought that there was little substance in the proposals for an Eastern Mediterranean treaty. He observed that while the Turco-British Treaty was still in effect, the Franco-Turkish Treaty was no longer operative since it had hinged on the presence in Syria of French forces. He seemed to me not to be strongly opposed to Turkish admission to N.A.T., but to be dubious about its repercussion in other countries. He remarked that if Turkey were to join, Greece and perhaps Spain would have to come in, adding that from the point of view of effective management there were already quite enough parties to the Treaty.

8. We did not discuss two other major questions which are likely to be debated in the Atlantic Council, the establishment of West German defence forces and the setting up of an N.A.T. command organization. These matters will certainly figure in the talks with Messrs. Bevin and Schuman before the Council meeting.

554. DEA/50030-A-40

Le délégué auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Delegate to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 2 New York, September 14, 1950

TOP SECRET. IMPORTANT.

Repeat Washington No. 1.
Following from Wilgress, Begins: The North Atlantic Deputies met yesterday afternoon, principally to consider their report to the Council. The report was a factual survey of what had been done during the summer and was approved with minor changes.

2. Spofford then asked Deputies to give any information they could as to the progress in their countries of the high priority production programme. When my turn came, I observed that as Canada was not one of the countries being asked to undertake projects in connection with the high priority production programme, I would make no statement, but wished to make an observation after the other Deputies had reported.

3. Nearly all Deputies had some concrete Government decisions to report as to the types of orders placed under the high priority production programme, but most European Deputies referred to the financial problems which would be raised for their countries by the programme unless some measure of United States assistance were forthcoming, either directly or indirectly in the form of off-shore purchases. There was a general desire, on the part of the European Deputies, that more specific financial proposals should be formulated with the agreement of the United States. Only the United Kingdom Deputy was able to state that the high priority production projects to be undertaken by his Government would be covered by appropriations totalling 200 million pounds over the next three years.

4. I then referred to the Canadian offer of mutual aid for our North Atlantic partners and reported that, as an immediate contribution, it was the intention of the Canadian Government to transfer free of charge equipment and ammunition from our mobilization reserves of the order required for one, and ultimately 2, infantry divisions. We had, however, to have some definite understanding with the United States as to when we might expect to receive equipment replacing that which we would send to our European partners. We do not need to have replacements in our hands, but would like to be sure that from four to six months after we had transferred our present stocks, we would receive our replacement equipment. I said that at least one North Atlantic country was interested in our offer and a choice might have to be made as to how the equipment should be allocated. Stressing the value of our suggestion as a precedent, I proposed that the chairman of the Deputies should ask the military side of the organization for the Standing Group to make a recommendation as to how our mutual aid equipment should be allocated. The rec-

ommendation would come back to the Deputies for consideration before being passed to the Canadian Government. I added that we would expect the Standing Group to consult the accredited representatives of countries not represented on the Standing Group before deciding their recommendations.

5. Other Deputies agreed with our proposal. Spofford, who is not given to making remarks for the sake of politeness, called our offer a "very generous gesture" and agreed that the equipment should be allocated on the basis of need, which could only be judged from a military standpoint.

6. Please repeat this message to London. We are repeating it to Washington from New York. Ends.

555. DEA/50030-A-40

Le délégué auprès du Conseil de l'Atlantique Nord
au secrétaire d'État aux Affaires extérieures

Delegate to North Atlantic Council
to Secretary of State for External Affairs

TELEGRAM 3 New York, September 14, 1950

TOP SECRET

NORTH ATLANTIC DEPUTIES

Following from Wilgress, Begins: In my immediately preceding telegram reporting on yesterday's meeting of the Deputies, I mentioned the high priority production programme, which will be considered by the Council when dealing with the report from the Deputies. Although Canada is not required to report to the MPSB in connection with paragraph 9 of PWS(50)115,† nor have we been asked to participate in the projects allotted to various European countries in accordance with document D-D/35,† I think it might be useful to have prepared in Ottawa a statement that I could use in the Deputies before September 30th showing Canadian production capacity in excess of Canadian requirements by items listed in part 2 of annex B of D-D/35. I understand from General Foulkes that we are, in effect, planning production in several categories of high priority equipment for the needs of our own forces, and I should like, if it seemed appropriate at the time, to be able to volunteer this information to the Deputies when other European countries are making their reports at the end of this month. If I were to make use of this information in the Deputies, I should add, of course, that Canadian military production for the requirements of other than our own forces could only be determined after the various MPSB task forces have visited Canada this fall and made their recommendations as to what items we could produce most efficiently, and in what quantities, for our North Atlantic partners.

2. A more detailed breakdown of the list of high priority equipment given in D-D/35 is to be found in the appendices to Standing Group document SGM-243-50 of August 14th,† a copy of which was forwarded to the Secretary of the Chiefs of

Staff Committee by Canadian Joint Staff, Washington with their letter CJS.119/5-1 of August 22nd.† We have External's copy with us here. Ends.

556. DEA/50030-D-40

Le conseiller du haut-commissariat au Royaume-Uni au sous-secrétaire d'État aux Affaires extérieures

Counsellor, High Commission in United Kingdom, to Under-Secretary of State for External Affairs

LETTER NO. MPSB 104 [London], September 19, 1950

SECRET

END ITEM TASK FORCES

1. It is still somewhat early to say when the Task Forces will be visiting Canada and what they will wish to see and do. However, I think it might be useful to put some thoughts down on paper even if they are only of a preliminary nature.

2. All nine Task Forces are now functioning. Their methods of approaching their work differ to some extent but fundamentally it is the same — to survey capacities in European countries and develop proposals for expanding production there — then to proceed to North America and develop proposals for overcoming remaining deficiencies.

3. In some cases, the Combat Aircraft Task Force for example, they are making a thorough examination of production facilities — almost an industrial engineering job — to ascertain bottle necks etc. which might be overcome through outside help. In others, such as the Ammunition and Explosives Task Force, the job of estimating capacities has been left to national authorities — the basis for such estimates being laid down by the Task Force.

4. The lack of more specific information about deficiencies will be felt to an increasing extent when they come to draw up their proposals. The Task Forces are counting on having more particulars about deficiencies early next month, but I am very doubtful whether this hope will be realized. We have been in touch with European Regional Planning Groups and they have indicated that there is very little prospect of having revised estimates of requirements under the Medium Term Defence Plan broken down on a national basis and giving an indication of timing and types until after the current operations of Task Forces are completed. In these circumstances, we are exhorting the Task Forces to recommend the production of specific types subject to military decision as to their acceptability. While this procedure is less satisfactory than the reverse, it seems to be the only one to follow.

5. Task Forces will likely be working in Europe until the latter part of October and present indications are that they will be visiting Canada during the period October 20th - November 15th.

6. I suggest that they should start off in Ottawa with a meeting with Mr. Allen[59] and some of his associates. In one or two cases where we have a special interest, a brief meeting with Mr. Howe would, I think, get things away to a good start if he could spare the time. For some categories there might be something to be said for representatives of industry, i.e., the members of the Canadian Industrial Preparedness Association being asked to attend meetings with the Task Force in Ottawa and thus obviate the necessity for visits to widely separated units of industry. Even if this is thought to be desirable and arrangements are made, I suspect that the Task Forces will wish to visit *some* representative plants. If this turns out to be the case, the provision of air transportation might be considered. If we are able to offer such facilities I know it would be appreciated. France has made such an arrangement.

7. The important thing at this time is, I think, to designate someone in Ottawa to be responsible for all arrangements in connection with Task Force visits. I will notify you of their itineraries as they become firm and I should think you can count on a fortnight's notice. I will try to exercise some control at this end so they don't all descend on Ottawa at once, and this should be possible by asking some to visit Canada before the U.S., and vice versa.

8. As regards the Combat Aircraft Task Force, I pass on the impression I have gained from the U.S. Member, Mr. Peter Jensen, that they will explore the possibilities of expanding production in Canada of the F86 Fighter, the Chipmunk Trainer and possibly the Canberra. He tells me that the U.S. are now testing the Canberra and they should soon be in a position to reach a decision as to its "military adaptability". I mentioned that we would also want them to look into the CF-100 All Weather Fighter.

9. You may expect to hear from me again regarding the proposed visits of individual Task Forces with whatever information I can give you about their plans and aspirations for developing Canadian production. I shall then be more specific about the administrative arrangements that should be made.

E.W.T. GILL

[59] Stanley Vincent Allen, ministère du Commerce, personnel de planification des urgences de la Commission industrielle de défense.
Stanley Vincent Allen, Department of Trade and Commerce, Emergency Planning Staff of the Industrial Defence Board.

557. DEA/50030-D-40

Le conseiller du haut-commissariat au Royaume-Uni au chef de la Direction de liaison avec la Défense

Counsellor, High Commission in United Kingdom, to Head, Defence Liaison Division

SECRET. PERSONAL. London, September 30, 1950

Dear Bert [MacKay],

Preoccupation with End Item Task Forces has interfered with my personal correspondence.

In general, you will have gathered from my reports that Task Forces are operating reasonably well. They are working on very inadequate information on the deficiency side and the lack of agreement on the "military acceptability of types" is a very real handicap. Moreover, I am not too hopeful that early decisions will be forthcoming on this latter question. I wonder if our Chiefs of Staff have any suggestions to make to widen the area of agreement as to type acceptability. One thought that has occurred to me was that the recommendations of Task Forces for increasing production should be referred to the full Military Committee or a subcommittee especially constituted for the purpose, to enable them to decide which types proposed for production were acceptable to the individual countries.

The main purpose of this letter is to raise with you the question of getting more information than I am now getting about military supply matters which are of interest to NATO. On Syd Pierce's suggestion I have not communicated directly with Mr. Allen as he thought it would be better to standardize on the External Affairs channel. However, there are a number of questions which arise from time to time which are mainly of direct concern to Mr. Allen and perhaps it would be helpful to write him on these, but until you suggest otherwise, I shall continue to route my correspondence through External Affairs.

I should like to give you some examples of cases where I think I might have received some reports and where I would like to receive some information in future:

(a) *Canadian military production programmes.* I know from unofficial sources that some arrangements have been made to commence production on picrite and to make Naval guns in Sorel for the U.S., but I have no particulars. It occurs to me that when production is started up of items of military equipment which are of interest NATO-wise, I should be informed so that I may be on the look-out for opportunities to supply such equipment or material to other Pact countries.

(b) *Industrial Mobilization Planning.* I think it would have been useful to have had a brief report on the Washington and Ottawa meetings of the NATO I.M.P. group. There was a Planning Group report considered by the PWS at their last meeting and in the absence of any observations from Ottawa, I had to use my own judgment, which is a very bad state of affairs.

(c) *Canadian offer of mutual aid.* We receive a number of informal enquiries for details of our offer, which we are unable to answer. I think we should be given sufficient information so that we can answer these enquiries independently, rather than merely refer them to the Standing Group. I have today sent a telegram on this subject. I am a little worried about our apparent lack of realization that there is a good deal of administrative work in connection with a transfer of this kind — particularly if it is to be handled without causing dissatisfaction among interested countries. Surely we don't expect the Standing Group to do all the work.

(d) *U.K. reaction to Canadian announcement to transfer to U.S. equipment.* I learned today, by reading a letter to Syd, that Alex Clutterbuck had expressed some concern on the implications to the U.K. of our decision to transfer to U.S. type equipment, and had asked for further information on our intentions. I have arranged a meeting today between Syd Pierce and Sir Harold Parker and they will apparently discuss this matter further at that time. I am planning to attend the meeting and will probably improve my knowledge of the subject then, but I suggest that this is a matter on which this office might have been informed.

My understanding is that Syd Pierce will continue to be Canadian member on the Supply Board for the time being. I shall, therefore, arrange to send him periodic reports on PWS activities so that he will be au fait with developments here.

Anything that you can do to increase the flow of information which might be helpful to me in my work would be appreciated.

Kind regards,

Yours sincerely,
EVAN [GILL]

558. PCO

Extrait du procès-verbal de la réunion du Comité sur les aspects économiques des questions de la Défense

Extract from Minutes of Meeting of Panel on Economic Aspects of Defence Questions

TOP SECRET [Ottawa], October [3], 1950

The thirteenth meeting of the Panel on Economic Aspects of Defence Questions was held in Room 157, East Block on Monday and Tuesday, October 2nd and 3rd, 1950.

Present

Mr. N.A. Robertson, in the Chair, (Secretary to the Cabinet),
Dr. W.C. Clark, (Deputy Minister of Finance),
Mr. A.D.P. Heeney, (Under-Secretary of State for External Affairs),
Mr. C.M. Drury, (Deputy Minister of National Defence),
Lieutenant-General Charles Foulkes, (Chairman, Chiefs of Staff Committee),
Mr. M.W. Mackenzie, (Deputy Minister of Trade and Commerce),
Mr. J.B. Coyne, (Deputy Governor of the Bank of Canada),
Dr. O.M. Solandt, (Chairman, Defence Research Board).

Also Present
Mr. R.A. MacKay, Mr. A.F.W. Plumptre, (Department of External Affairs),
Mr. S.V. Allen, (Department of Trade and Commerce).
Secretariat
Mr. W.R. Wright (Privy Council Office),
Mr. J. George (Department of External Affairs).

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II. MUTUAL AID PROGRAMME; ARRANGEMENTS FOR RELEASE OF CANADIAN EQUIPMENT TO NATO AND REPLACEMENT BY U.S. TYPES

16. *The Chairman, Chiefs of Staff Committee*, reported that the North Atlantic Council of Deputies had requested the Standing Group to recommend which countries should receive Canadian equipment to be released for use by European members of NATO. If confirmed by the Deputies, the recommendations of the Standing Group would be passed to the Canadian Government and arrangements concerning delivery would be made directly with the countries concerned.

Preliminary discussions with the U.S. military authorities had indicated that the latter considered the Canadian proposals would assist considerably in filling the serious equipment deficiencies in Western Europe. In addition, they considered the move to standardize equipment between the Canadian and U.S. forces to be most desirable and were prepared to give high priority to providing the Canadian Army with replacements of U.S. design. It was proposed that upon receipt of the recommendations of the North Atlantic Council of Deputies, and of confirmation by the government, release should be made in three phases and under the following conditions:

(a) One division's worth of armament and ancillary equipment be made available at seaboard to the countries concerned immediately.

(b) A second division's worth of armament etc. be made available at seaboard upon satisfactory arrangements being made for replacement of the first division's worth of equipment. The replacement equipment need not however be in this country.

(c) Our remaining holdings of armament, etc. be released when the first division's worth of replacement equipment is received.

Before each of these phases was undertaken the funds required for the replacement of the equipment involved, either by manufacture in Canada or by purchase from the USA, should be set aside as provided in the Defence Appropriation Act, 1950.[60]

17. *The Panel*, after further discussion, noted with approval the report of the Chief of the General Staff on the proposed arrangements for release of Canadian equipment to NATO and for its replacement by equipment of U.S. design.

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[60] Les deux premières phases de ce programme ont été approuvées le 5 octobre 1950 par le Comité du Cabinet sur la défense.
The first two phases of this program were approved on October 5, 1950 by the Cabinet Defence Committee.

III. PRODUCTION PLANNING

18. *The Chairman* said that consideration should be given to the organization of responsibility for defence production planning in Canada. He suggested that a starting point might be the method of presenting claims against the $300 million voted by Parliament under the Defence Appropriation Act. Such claims could be considered initially by the Panel and referred to the Cabinet Defence Committee for final decision. However, initiative should be taken by some officer or agency at an earlier stage so that positive recommendations could be made which would expand Canadian industrial capacity in the most useful way to meet the needs of our own services, together with those of our Allies.

19. *Mr. Mackenzie* suggested that claims against the vote should be considered as they occurred. They would originate either as a result of Canadian demands, or demands of other NAT nations. We had already extended a general invitation to the latter to submit requirements which Canada might assist in meeting. It was impractical to initiate planning without knowledge of specific requirements for production.

20. *Mr. Drury* said that in certain cases, such as the release of Canadian equipment to other NATO countries and the provision of funds for training aircrew of other countries, requirements were clearly indicated. However, beyond these, it was not at all apparent how the money provided by the Defence Appropriation Act might usefully be spent in strengthening our defences and those of Western Europe. At some stage, ideas towards this end should be generated, and consideration given to the allocation of priorities against potential claims.

21. *Dr. Solandt* suggested that it was essential that the Canadian Government take the initiative in determining the kind of things that we would be prepared to produce for other countries. These of course would be based on our own demands, considered together with what we already know of the high priority requirements of other countries. However, consideration of Canadian service needs could not be the sole basis for determining a production programme in this country. Our present needs were not at all indicative of what might be required in the future and a programme based on them would not exploit the productive capacity of this country in the most useful way. If we took no initiative and waited for other countries to formulate specific requirements, we should probably collect a conglomeration of tag ends, resulting in a wide variety of small production items of an uneconomic nature. We should decide for ourselves in what way Canada could best increase her production.

22. *Mr. Mackenzie* said that, lacking knowledge of the requirements of other countries, the only basis on which we could plan at present was the needs of the Canadian Armed Forces, insofar as they were known. Further, this was a good basis on which to build as, generally speaking, we should try and increase production in those lines for which Canada would have a requirement. Until there was a clear idea of total requirements, the best we could do was to keep alive essential industries and skills so that these could be rapidly built on when the specific needs became apparent. At the present time, there was a Textile Committee, composed of representatives of the Department of Trade and Commerce, the Department of

National Defence and the Canadian Commercial Corporation and, occasionally, the industry, which had done useful work in planning production for National Defence in this field. Other committees to cover major fields, such as aircraft, shipbuilding, automotive vehicles, fuels and lubricants, etc. might usefully be established as soon as the Canadian service requirements were known. It was difficult to start from any other basis than that of requirements of our own force. If these were insufficient to justify production in any one field, then we could consider the possible requirements of others when these became known.

23. *Mr. Plumptre* suggested that the basis should be the potential of Canadian industry irrespective of the requirements of our own armed forces. If it were desirable to exploit or foster a certain type of industrial production, then service requirements might be fitted to such a programme.

24. *Mr. Robertson* thought that, having accomplished the objective of keeping such basic industries as aircraft and shipbuilding alive, it was now necessary that we decide how these should be built on for the combined advantage of ourselves and our allies. The effective and rapid strengthening of the defence forces of Western Europe was a matter of real concern to Canada. Any initiative we could take towards this end would, in serving the general interest, at the same time serve the Canadian interest. Publicly, and in North Atlantic Council discussions, we had stressed our historic industrial role. If a substantial part of our contribution was to be in the form of production of armaments rather than manpower, then we should take the initiative in planning increased production and it should be not too closely geared to our own requirements. Steps towards this end could be taken before specific requirements became known so that we would be in a position for instance to meet the end-item task force with a preliminary indication of the sort of production it was considered Canada could most suitably do.

25. *Mr. Drury* pointed out that the decision which had already been taken that tanks should not be produced in Canada had been taken quite independently of the requirements of our own defence forces. Some set of criteria should be formulated that could be applied to Canadian requirements so that the latter would not be the only basis for production planning.

26. *General Foulkes* said that within the high priority items as set forth by the Military Production and Supply Board, certain specific types had already been settled on. It was suggested that we pick from these five or six items which we were anxious to have produced in Canada and which it seemed sensible to make here, and ascertain whether these would be acceptable to other countries. In this way a production programme could be initiated which would strengthen ourselves and ultimately our allies.

27. *Mr. Coyne* raised the question of valuing equipment contributed to other NAT countries. He suggested that the cost of replacement was a completely extraneous basis for valuation.

28. *Mr. Mackenzie* said that a basic purpose of the legislation was the re-equipment of our own armed forces and consequently the Act required that the present estimated value of equipment contributed to other countries would go into a special account for the use of the Canadian services.

29. *Mr. Robertson* suggested that the appropriation was primarily intended to assist in the re-armament of Western Europe. There appeared to be endless technical difficulties in establishing any other valuation than the cost of replacement and the object of the Act would not be served by inflating the value placed on the equipment beyond what it cost to replace it.

30. *Mr. Drury* said that where replacements were acquired from surplus U.S. stocks, the cost would be much less than where they were acquired from current American or Canadian production. This would lead to considerable difficulties consequent upon having two sets of values.

31. *General Foulkes* suggested that it would be unwise to value equipment contributed to NATO and replaced from American supplies at any other figure than the actual replacement cost. To do otherwise might lead to charges that we were taking credit for a contribution larger than we had actually made.

32. *Dr. Solandt* suggested that valuation based on replacement costs would have the added advantage of eliminating any possibility that we were accepting gratuitous aid under the M.D.A.A.

33. *Mr. Heeney* said that the objective of the Defence Appropriation Act was to stimulate Canadian production so that the most effective contribution might be made with available funds to strengthening our own defences, together with those of Western Europe, and the intention was that the funds should be used for the purpose of joint defence and not exclusively for re-equipping the Canadian forces. Any method of valuation which tended to lessen the effective assistance we might make available would defeat the fundamental purpose of the Act.

34. *Dr. Solandt* said that as all the equipment which would be given away was equipment which would not be manufactured in Canada again it might be valued either at its original cost price to the Canadian Government or its replacement price, whichever was less.

35. *Mr. Drury* said that valuation on the basis suggested by Dr. Solandt would necessitate a substantial increase in the main estimates of the Department of National Defence. In a number of cases the cost price would be less than the replacement price and, as the Department of National Defence would be required to finance its requirements from new production, more money would be necessary in those cases where valuation was made on the basis of a cost price than on a replacement price.

36. *The Panel*, after considerable further discussion, agreed:

(a) that demands on the special fund provided under the terms of the Defence Appropriation Act for mutual aid be submitted first to the Panel and then to the Cabinet Defence Committee for approval;

(b) that defence panels should be established composed of representatives of the Departments of Trade and Commerce, National Defence and the Canadian Commercial Corporation to consider Canadian production policy in the following fields: aircraft, shipbuilding, vehicles, weapons, ammunition, electronics and communications, clothing and equipage, and fuels and lubricants;

(c) that, following such consideration, a number of items that were already in production in Canada or that might usefully be produced here, and that were included in the categories established by the high priority list for Western Europe, be submitted to NATO, through the Deputies, as items which Canada was prepared to consider contributing as mutual assistance;

(d) that decision regarding the valuation of Canadian equipment released to NATO be deferred pending further information regarding its probable replacement cost.

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559. DEA/50030-T-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1498 Ottawa, October 4, 1950

TOP SECRET

CANADIAN DEFENCE PRODUCTION PROGRAMME

Repeat Washington EX-1848.

1. At the Economic Defence Panel meeting of October 3rd, we had a very interesting discussion of our defence production problems and we arrived at certain recommendations which will be considered by Cabinet Defence Committee shortly.

2. From the discussion, three different approaches were developed which may be summarized, rather crudely, as follows:

(a) Some members were reluctant to depart from an *ad hoc* approach to the problem and doubted whether a programme should be framed until specific requirements by items of our own Forces and those of our North Atlantic partners were known. They thought that the broad categories of high priority production suggested by the Standing Group were not sufficiently clear and that we should wait for more precise recommendations from the end item task forces, as well as from our own forces whose requirements are not yet firm as they do not yet know how much replacement equipment they will be able to get from the United States.

(b) Other members felt that there was a great deal that could be started now on the basis of broad categories of requirements already known; that military requirements were not the only factor to be considered but should be weighed against what, from the point of view of developing defence industries in Canada, we want to make ourselves.

(c) Some members were worried by the inflationary pressures that the defence production programme will increase.

3. The Conclusions of the Panel were:

(a) That we could not, unfortunately, expect firm recommendations from the task forces for some months.

(b) That the international situation, and in particular the requirements of the integrated force to be established in Western Europe, made it necessary that we get some production programme under way as soon as possible, without waiting for more specific recommendations from NATO.

(c) The programme should be based both on the capacity of Canadian industry and the direction in which, (from the point of view of defence) we wish to develop it, and on the requirements of our own forces and those of our partners.

(d) Working Groups of representatives of Trade and Commerce, Canadian Commercial Corporation, and Defence should be set up in seven or eight categories, roughly corresponding to the task forces in which we are interested, to prepare our own thinking before the task forces arrive and also to frame a production programme in these fields. The Working Groups will probably cover aircraft, shipbuilding, vehicles, weapons, ammunition, electronics and communications, clothing and equipage, and construction.

(e) Subject to Cabinet approval we should begin stockpiling processed materials such as picrite and RDX which will be required by ourselves and our North Atlantic partners.

4. Underlying the panel discussion was our fear, shared by both Defence and Finance, that the Government would be embarrassed, both domestically and internationally, if the present lack of a more positive defence production programme were to result in the expenditure in this fiscal year of only a small portion of the 300 millions appropriated last month for North Atlantic aid and Canadian production, especially when we have made such a big play about our defence production role in NATO.

560. DEA/10813-40

Le ministre de la Défense nationale
au secrétaire d'État aux Affaires extérieures

Minister of National Defence
to Secretary of State for External Affairs

Ottawa, October 12, 1950

My dear Colleague;

You will recall that in July of this year we proposed, through the United Kingdom High Commissioner, that the R.C.A.F. rotate certain fighter squadrons in the United Kingdom commencing next spring for the purpose of obtaining advanced operational training with the R.A.F. In reply, the United Kingdom Government welcomed the proposal and agreed that detailed arrangements should be pursued in discussions at the staff level.

You will recall also that on August 18, Cabinet approved of three fighter squadrons being located in the United Kingdom, instead of one as we had planned previously. Our intention is to have all three squadrons stationed in the United Kingdom by the end of 1951, with the first arriving there during the latter part of next January. R.A.F. authorities are in agreement with this plan, and are prepared to provide facilities suitable for our needs.[61]

I would be grateful if you could forward official notice of this change in plan to the United Kingdom Government at your earliest convenience, and at the same time suggest to them that the details be worked out by the services.

Yours sincerely,

BROOKE CLAXTON

561. DEA/50030-D-40

Le chef de la Direction de liaison avec la Défense au conseiller du haut-commissariat au Royaume-Uni

Head, Defence Liaison Division, to Counsellor, High Commission in United Kingdom

SECRET & PERSONAL Ottawa, October 12, 1950

Dear Evan [Gill],

I was very glad to receive your letter of September 30 in which you raised the question of getting more information about military supply matters.

One suggestion which you made was that it might be more convenient to communicate directly with Stan Allen in the Department of Trade and Commerce. Naturally we have no objection if you and Stan wish to write to each other on any matter. There is however a factor of administrative convenience in addressing such letters to the Department of External Affairs. The letters which you and Stan might write to each other on NATO matters would no doubt on most occasions be of considerable interest to us, and possibly to Finance and National Defence. If you send a letter directly to Stan, or if he sends one directly to you, we must ask the permission of the originator or addressee in order to make any use of the copies. We have discussed this point with Stan, who says that he would much prefer that External Affairs should continue to act as central post office for all NATO correspondence. He does not wish himself to be responsible for making references of correspondence, and he considers that it would be rather a nuisance to be consulted on references.

The most convenient form of correspondence would seem to be to address it to the Department of External Affairs, and in your first paragraph, if you wish, you might indicate that the letter is intended especially for Allen. We can assure you that Allen receives copies of your communications within twenty-four hours of the time they reach the East Block, and earlier when necessary.

[61] Voir le document 67./See Document 67.

I am glad that you have pointed out to us specifically what matters you wish to be informed on more fully. Stan Allen will be looking into the question of giving you further information on Canadian military production programmes. I think that your second point, industrial mobilization planning, will be met by the brief which has been prepared for the meetings of the NATO I.M.P. group in Paris later this month: we have not yet seen it, but shall get a copy to you as soon as we can.

The Canadian offer of mutual aid is a more difficult question. The list of mutual aid which we are offering has been sent by the Department of National Defence to the Standing Group. For your own information only, the C.G.S. has been *very* reluctant to let us have a copy, or even to let us see a copy; therefore we are almost as much in the dark as you are. A few days ago Mr. Heeney asked in writing if a copy of the list might be sent to Finn Clark for the information of himself, Mr. Wilgress, and you. We have heard by the grapevine that we are not going to get it until the Standing Group make their recommendation, possibly tomorrow. We have been doing everything possible to give you all available information on mutual aid questions, and we don't really understand the C.G.S.'s determination to have this business handled exclusively through military channels in Washington.

Finally you asked about the U.K. reaction to our transfer to U.S. equipment. This is, of course, a decision that was really made several years ago, but we have not had the means before to implement it. Strategically, and because of our industrial pattern, it makes sense. Shannon came to see me on September 30, and I handed him a memorandum to answer a number of questions which Clutterbuck had raised earlier with the Under-Secretary. A copy of this memorandum was telegraphed to Syd Pierce, in London, together with the text of a letter from Trade and Commerce (telegram No. 1459†) and Pierce was requested to give Canada House copies. I used the Trade and Commerce letter to answer orally the oral enquiry from Clutterbuck as to how the decision to go over to U.S. type equipment will affect production for U.K. use. Our information, via the grapevine, is that the authorities in the U.K. were less concerned over the decision than was Earnscliffe. You will see that the view of Trade and Commerce, as expressed in their letter, was that our volume of production for U.K. use depends partly on how soon the U.K. authorities will give us firm statements of their requirements.

We shall certainly try to increase the flow of information to you, as you suggest. Any time that we are being delinquent, I hope that you will not hesitate to let me know.

With kind regards,
R.A. MacKay

562. DEA/50030-A-40

Le sous-secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Under-Secretary of State for External Affairs to High Commissioner in United Kingdom

LETTER NO. D-2975 Ottawa, October 18, 1950

SECRET

Re: Telegram No. 3 of September 14 from the Canadian Delegate to the North Atlantic Council.

STATEMENT ON CANADIAN PRODUCTION EXCESS CAPACITY

1. I regret that you have not yet received the information which you requested for September 30 in order that you might make a statement to the Deputies on Canadian production excess capacity. The collection of the material for this statement has been in the hands of the Department of Trade and Commerce. I understand that the officers of the Department of Trade and Commerce went as far as they could in preparing this statement but have been delayed by the lack of a statement on the domestic requirements from the Armed Forces. I am enclosing a copy of a letter dated October 16† from the Department of Trade and Commerce which is self-explanatory.

2. The Department of National Defence has been under some pressure, particularly from Mr. Robertson in his capacity as Chairman of the Economic Defence Panel, to finish this report and other reports for NATO agencies which are now overdue. The delay appears to have been caused by a lack of agreed assumptions on Canadian commitments; until these assumptions were settled at ministerial level the Department of National Defence had been unable to progress with the statement which you required or with the information which Mr. Gill asked to receive for the MPSB on September 30.

3. We much regret these delays but wish to assure you that they are not caused by oversight.

4. I am not giving any circulation to this letter.

R.A. MACKAY
for Under-Secretary of State
for External Affairs

563. DEA/9274-40

Note du chef la Direction économique
pour le sous-secrétaire d'État aux Affaires extérieures[62]
Memorandum from Head, Economic Division,
to Under-Secretary of State for External Affairs[62]

SECRET [Ottawa], October 24, 1950

USE OF CANADIAN VESSELS TO TRANSPORT WAR SUPPLIES
TO NORTH ATLANTIC COUNTRIES

This matter has been called to our attention by the Canadian Maritime Commission. It was discussed last Friday in the Interdepartmental Committee on External Trade Policy.

2. The Maritime Commission was proposing that the Canadian Government should provide Canadian dollars as a means of ensuring that a fair share of Canadian war supplies provided under mutual aid should be transported in Canadian ships.

3. The Interdepartmental Committee did not approve of this suggestion. It was felt that the amount of freight would not be large and the European countries were not so short of dollars that they could not readily accept these expenditures.

4. However, the Committee was most sympathetic to the principle that Canadian vessels should get their fair share of the traffic. Indeed it is clear that Canadian shipowners would have a very reasonable complaint against the Canadian Government if this did not take place.

5. The Committee proposed that whenever arrangements were made for shipments the recipient countries should be asked to ensure that Canadian vessels got a fair share. According to the Maritime Commission this would not be difficult for them. Freight such as this would move in liners, not tramps. The movements of liners are subject to the various Shipping Conferences. The European Governments have close connections with these Conferences and Canada's share of the tonnage in each Conference is well known.

6. There are three Conferences and Canada's share in shipments moving from Canada is as follows:

1. The North Continental Conference (Including the Netherlands, France and Belgium) - 20%
2. The Mediterranean Conference (Including Italy) - 50%
3. The United Kingdom Conference - 10%.

7. The first shipment (equipment for one division) is expected to start to the Netherlands in a few days. Approval of the North Atlantic Deputies is expected today. It will move in two parts. The first, 4000 tons, may move next week; the second, 1000 tons, will move a little later. You will notice that, by good luck, the

[62] Note marginale:/Marginal note:
Seen by Mr. Reid who suggests that Mr. MacKay do this. H. M[oran].

second shipment is just 20% of the total. It is desirable, therefore, to take steps to ensure that the second shipment moves on a Canadian vessel. For this purpose an approach to the Netherlands authorities is required.

8. All other arrangements covering this shipment are being worked out with the Netherlands in Ottawa. It would seem appropriate, therefore, to contact the Netherlands authorities here in regard to the particular matter of shipping on Canadian vessels. Mr. MacKay and I suggest that you might ask the Netherlands Ambassador to call on you for the purpose of explaining the situation to him and urging him to use his best efforts to make sure that the second shipment (1000 tons) moves on a Canadian vessel.[63]

9. In view of the fact that the arms are being supplied free of cost at seaboard to the Netherlands Government by the Canadian Government, the request would seem to be a most reasonable one. As you know the United States is requiring that 50% of arms supplied under M.D.A.P. must move in American vessels. We would like to avoid a hard and fast legalistic restriction of this sort, but it can only be done if the recipient countries are willing to cooperate.

10. The approach to the Netherlands Ambassador should take place immediately. The Netherlands has been officially notified that the arms from Canada are available. This is likely to take place immediately after today's meeting of the North Atlantic Deputies.[64]

11. I am asking Mr. MacKay to initial this memorandum.[65]

A.F.W. P[LUMPTRE]

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[63] Note marginale:/Marginal note:
When Mr. Reid and I saw Mr. [A.H.J.] Lovink [Ambassador of the Netherlands to Canada] today we mentioned that the Cabinet hoped the Netherlands Gov[ernmen]t would give consideration to using Canadian ships. He said he thought his gov[ernmen]t would be quite prepared to do so in the case of the 1000 tons going from Halifax in Dec. I gather arrangements are pretty well in hand for the initial shipment of 3000 tons. We told him we would ask Dupuy to put forward our request orally to the Netherlands' Gov[ernmen]t. Lovink agreed and said he would support it. R.A. M[acKay] 27/10/50.

[64] M. MacKay a modifié à la main le paragraphe final de cette note:/By hand, MacKay amended the final paragraph of this memorandum to read:
The approach to the Netherlands Ambassador might take place at the same time as they are officially notified by us that the armament is available. R.A. M[acKay].

[65] Note marginale:/Marginal note:
Mr. Heeney, I have amended Mr. Plumptre's memo — he appears to have been misinformed about the procedure whereby the Netherlands would be notified by us. R.A. M[acKay].

564. DEA/50030-L-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2030 London, October 24, 1950

SECRET. IMMEDIATE.

Your telegram No. 1627 of October 23rd† re North Atlantic mutual aid.

1. I am reporting separately on Deputies' discussion at meeting today concerning consideration of draft resolution on suggested method for arriving at an equitable distribution of economic burdens (document D-D/162 of October 21st†).

2. When we had come to the end of our agenda I took the opportunity of informing the Deputies that we had received information indicating that the Standing Group had recommended that the armament for one division being contributed by the Canadian Government under mutual aid should go to the Netherlands. I explained that the Canadian Government was anxious to get this equipment moving from Montreal before the close of navigation, and in view of the fact that no further meeting of the Deputies was planned until November 7th requested the approval of the Deputies to the Standing Group's recommendation. Our difficulties in the matter were clearly recognized and the Deputies approved the recommendation subject to receipt by the Vice-Chairman of confirmation by the Standing Group. It was agreed that a telegram should be sent to the Standing Group to this effect. As soon, therefore, as the Vice-Chairman has received confirmation from the Standing Group I shall advise you so that the necessary arrangements can be made for a public announcement.

3. At the conclusion of the meeting the Netherlands Acting Deputy expressed his warm appreciation of the Canadian Government's action.

4. It was also agreed at the meeting to defer consideration of the question of security of Berlin (see paragraph 13 of my telegram No. 2009 of October 21st†) until our next meeting.[66]

5. With reference to paragraph 7 of my telegram No. 2009 concerning the task force recommendation for the production of gun laying radar sets for NAT countries (document D-D/160 of October 19th†) I am sending, in my immediately following telegram,† the text of a letter which has been sent by Spofford to the Chairman of the Defence Committee on October 21st. You will note that while no specific reference is made to the question of allocation, this aspect is covered in the document D-D/160 which was enclosed with Spofford's communication.

[66] Voir le document 625./See Document 625.

565. DEA/50030-D-40

Notes sur un rapport oral de T.N. Beaupré

Notes on an Oral Report by T.N. Beaupré

SECRET [Ottawa], November 6, 1950

MEETINGS OF NATO GROUP OF EXPERTS ON PRODUCTION IN LONDON — OCTOBER/NOVEMBER

1. The NATO Deputies have chosen from their numbers a group of seven who act as *their* deputies. This group of seven has established two sub-committees of experts, one on Economics and Finance and one on Production.

2. The group on Economics and Finance was to consider in general terms how NATO economic and financial problems could be dealt with by the aid of OEEC. The NATO countries in OEEC have set up a Working Group to look first at the OEEC questionnaire and then — although this is not firm — to consider the problem of raw materials within the defence programme.

3. To the meetings of the group on production most countries sent their representative on the P.W.S. of the M.P.S.B. The group examined the present production agencies of NATO, which in effect meant an examination of the M.P.S.B. and its P.W.S. The report of this group goes before the production experts tomorrow for final vetting and then to the Deputies.

4. It was agreed by the members of the group of experts that the main shortcoming of the M.P.S.B. and its P.W.S. was that all members were committed to a national point of view although they were doing an international task.

5. Before setting down its recommendations, the group made the following basic assumption:

Before any forces could be raised and equipped, NATO must be active in the following ways:

(a) Their military advisers would have to determine the strength and type of forces needed;

(b) Their production experts would have to decide how all this could best be done; and

(c) The financial and economic experts would have to decide who was to pay for what and to determine what the impact of the whole programme would be on the various national economies.

When these steps had been taken, the military experts would have to make the necessary allocations.

6. Assuming the foregoing, the group of experts on production recommended that in lieu of M.P.S.B. there should be set up a Defense Production Board sitting permanently in London. This Board would concern itself with such matters as progress reporting and the eligibility of production programmes for mutual aid. It should have under it an integrated international organization working full-time under a Director.

Member governments of NATO would nominate members-elect to the D.P.B. (The word "elect" was used because the M.P.S.B. is still in existence). Member-governments would nominate candidates for the post of Director, who would be selected by the Board. Once appointed, the Director, who would have to be a man of executive ability and experience in production problems, would then be expected to outline his proposed organization. His organizational chart would name senior posts to which member governments would nominate candidates. The Director would then make his selections and the Board would confirm them. The less senior members of the staff would be appointed by the Director.

Once the D.P.B. had been set up, the M.P.S.B. would, it was hoped, go out of existence.

The D.P.B. would make recommendations to Council Deputies. These recommendations might come either from member governments or from the D.P.B. itself.

[R. DUDER
Defense Liaison Division]

566. DEA/9274-40

Le sous-secrétaire d'État aux Affaires extérieures au commissaire de la Commission maritime canadienne

Under-Secretary of State for External Affairs to Commissioner, Canadian Maritime Commission

CONFIDENTIAL Ottawa, December 9, 1950

Dear Mr. [L.C.] Audette:

MOVEMENT OF CANADIAN MUTUAL AID SUPPLIES TO NATO COUNTRIES IN CANADIAN SHIPS

This is to confirm several conversations between officials of your Commission and this Department during the past few days. It appears that we had not fully understood your intentions.

2. We had understood that your desire was merely to ensure that Canadian ships got a reasonable share of the traffic. The test of reasonableness was the share of Canadian ships in the North Atlantic Liner Conference involved in the shipment. This was the proposition that we put up to the Netherlands authorities. It is our understanding that they are intending to carry an appropriate share of the current large shipment on Canadian ships.

3. You have rightly pointed out that this approach, while ensuring a certain percentage of cargoes to Canada, suffers from the fact that it is or may be considered a "tied shipping clause" of the very sort that we have protested against in other countries, particularly the United States. Further, you point out that if our discussions with (say) the Netherlands are to be on a bilateral basis, if their ships are to carry all the cargo not carried in Canadian ships, and if the ships of all other members of the Conference are to be excluded, then Canada and the Netherlands should share in

the traffic on a fifty-fifty basis. Our proposal to the Netherlands that we should merely carry 20 per cent of the traffic, based on our participation in the North Atlantic Conference, was far too modest. (In reply to the latter point it may of course be argued that, over a period of months or years, Canadian supplies are likely to go to most, if not all, of our North Atlantic Allies and thus our overall position would be protected as long as we got our 20 per cent of each shipment.

4. Your original proposal was, as we now understand it, that the Canadian Government should make use of the North Atlantic Shipping Conferences to distribute the shipments evenly amongst all the Lines concerned. We have pointed out that the Canadian Government is not in a position to do this. According to its policy Canadian arms are made available to other governments at Canadian seaboard. It is the other governments, and not the Canadian Government, that are responsible for shipping arrangements. We are, of course, in a strong position to exercise some influence over those governments. However, in the last analysis, the movement of Canadian military supplies will be determined by general military and economic considerations. The question whether or not the recipient government follows a particular shipping policy will not be a dominant consideration.

5. After discussion I understand that we are agreed on the following points:

(a) Arrangements for the current shipment to the Netherlands will not be disturbed.

(b) In relation to all future arrangements to provide mutual aid, the recipient government will be urged to hand over to the appropriate shipping conference the distribution of shipping freights.

(c) The Canadian Maritime Commission will inform the shipping conferences concerned that this policy is being followed in the future. The Commission will warn that it is not in a position to guarantee that recipient governments will act upon the Canadian Government's request.

6. I understand from you that the United Kingdom is now using the shipping conference to distribute the freights on their government-purchased imports from Canada. Canadian shipping gains from this pooling principle. Hence it is in the interests of the Canadian ship-owners to see this principle extended as widely as possible. Two other advantages also appear to flow from the policy we have agreed upon. First, it avoids any suggestion of a "tied shipping clause" and establishes a multilateral basis for deciding on the distribution of freights. Second, the distribution of freights is decided entirely amongst the companies concerned without involving governmental decisions or intergovernmental negotiations. As far as this Department is concerned the proposed arrangements are thoroughly satisfactory.

7. The only possible question in our minds regarding the new arrangement concerns your own Commission and your own Minister, who would presumably be called upon to answer questions regarding it. I assume that, before putting it into effect, your Minister would be satisfied to defend it either against disgruntled Canadian shipowners, who felt that they were not getting their fair share, or against

members of the public including Labour Unions who might think that Canadian interests were not adequately protected.

Yours sincerely,
A.D.P. HEENEY

567. PCO

Extrait du procès-verbal de la réunion du Comité sur les aspects économiques des questions de la Défense

Extract from Minutes of Meeting of Panel on Economic Aspects of Defence Questions

TOP SECRET [Ottawa], December 15, 1950

Present
Mr. N.A. Robertson, in the Chair, (Secretary to the Cabinet),
Mr. K.W. Taylor, (Assistant Deputy Minister of Finance),
Mr. Escott Reid, (Acting Under-Secretary of State for External Affairs),
Mr. C.M. Drury, (Deputy Minister of National Defence),
Air Marshal W.A. Curtis, (Acting Chairman, Chiefs of Staff Committee),
Mr. M.W. Mackenzie, (Deputy Minister of Trade and Commerce),
Mr. J.E. Coyne, (Deputy Governor of the Bank of Canada),
Dr. O.M. Solandt, (Chairman, Defence Research Board)

Also Present
Mr. C.A.S. Ritchie, Mr. R.A. MacKay, Mr. J.R. Murray, (Department of External Affairs),
Mr. S.V. Allen, (Department of Trade and Commerce),
Mr. R.G. Robertson, (Privy Council Office)
Secretariat
Mr. C.C. Eberts (Privy Council Office),
Mr. R.A.J. Phillips (Department of External Affairs).

. . .

III. REQUEST FOR ADDITIONAL NATO AIRCREW TRAINING FACILITIES IN CANADA

13. *The Chairman* referred to a letter of November 28th† in which the United Kingdom High Commissioner had enquired on behalf of his Government as to the part Canada might be willing to play in providing training facilities for an additional 1,100 pilots and 800 navigators a year for the R.A.F., starting August 1st, 1951. The R.A.F. recognized that any such allocation of Canadian facilities would be dependent, in part, on a recommendation from the Standing Group based on studies to be carried out by its committee on air training in North America.

This proposal had been given preliminary consideration on December 8th by Cabinet, which had felt that it could not accept the project as it involved opening new schools. This was, however, an important matter, to which further consideration would doubtless have to be given.

14. *The Acting Chairman, Chiefs of Staff Committee* said that, as a result of reports to the Standing Group by European NATO countries, it was known that they would require, over and above their existing training capacity, training facilities for some 4,000 aircrew a year. Realizing that it might be some time before the

Standing Group could recommend Canadian provision of the facilities proposed by the U.K. High Commissioner, Air Marshal Sir John Slessor, C.A.S., R.A.F., had asked the R.C.A.F. to explore the possibility of opening a Flying Training School, an Advanced Flying School and an Air Navigation School, by August 1st, 1951, such allocation of Canadian facilities to the R.A.F. to be recommended in due course by the Standing Group.

These schools, besides facilitating training in peace time, would provide a nucleus for any training scheme required in Canada in wartime, when air training in Western Europe would interfere with the operation of the radar screen and would have to be carried out mainly in North America. Wartime conditions in Europe would also necessitate dependence on North American training aircraft, although some U.K. equipment would be available in peace time. Canada had the equipment to manufacture basic trainers and could start producing them fairly quickly in an emergency.

Under the Slessor scheme, the two Flying Training Schools would have an annual intake of 520 and a total output of 350. The figures for the Air Navigation School would be 900 (intake) and 768 (output). Operation of the three schools would require a total of 921 officers, 1,905 airmen, 695 civilians, 178 basic training aircraft, 79 advanced trainers, 88 navigation trainers, and the initial and annual recurring costs of the project would be about $67 million and $43 million respectively.

The Chiefs of Staff Committee had considered this scheme and was of the opinion that, if it were recommended by the Standing Group, Canada should meet the R.A.F.'s requirements as far as possible from available facilities.

An explanatory memorandum had been circulated.

(Memorandum, Chief of the Air Staff, December 14, 1950 — Panel Doc. Ed-24)†

Existing R.C.A.F. facilities were in full use. He was therefore planning to ask the C.A.S., R.A.F. whether, for the scheme the latter had suggested, he would be able to furnish about 50% of the ground crew, instructors and training aircraft and whether it would be acceptable to train a larger proportion of the airmen as navigators, which would be cheaper. With such modifications, the initial cost of the project would be reduced to about $32 million and the recurring cost to about $37 million. It would be helpful to have the Panel's views as to the merits of pursuing the matter with the R.A.F. on this basis.

15. *Mr. Robertson* thought it would be useful if papers going before the Government on matters of this kind gave explanations of the magnitude of numbers involved. For instance, any paper on the air training proposal might contain comparative figures on the British Commonwealth Air Training Plan.

16. *Air Marshal Curtis* said he believed that the peak output of the B.C.A.T.P. had been in the neighborhood of 40,000 aircrew a year. (He subsequently indicated that, when the B.C.A.T.P. was at its peak in 1943, it comprised 97 flying training schools, 184 other ancillary units, a training staff of 104,113 (service and civilian) and 39,354 aircrew had been trained in that year.)

17. *The Acting Under-Secretary of State for External Affairs* suggested that an attempt be made to estimate the total air training facilities that would be required in Canada in wartime.

18. *Air Marshal Curtis* indicated that figures on the wartime requirements of NATO countries were not available for the present.

19. *Mr. Robertson* said that it would help to some extent to keep down costs if NATO air trainees learned as much English as possible before coming to Canada.

20. *Mr. MacKay* suggested that it would be desirable for future NATO trainees — even if they spoke English — to attend an indoctrination course similar to that conducted by the R.C.A.F. for present NATO trainees.

External Affairs was under pressure for a reply to the U.K. High Commissioner's letter of November 28th.

21. *The Panel*, after further discussion agreed that:

(a) it would be useful if Air Marshal Curtis sounded out the C.A.S., R.A.F., on his suggestions for a modified version of the training scheme proposed by the R.A.F., preparatory to this modified project being taken up with the Minister of National Defence;

(b) if External Affairs found it necessary to reply to the U.K. High Commissioner before Mr. Claxton returned from Brussels, the High Commissioner might be told that, while it was improbable that Canada would be able at present to undertake a scheme of the scope outlined in his letter of November 28th, consideration was being given to alternative schemes;

(c) in the interests of economy, the R.C.A.F. should examine the possibility of future NATO air trainees acquiring a working knowledge of English before proceeding to Canada, but that it would be useful for such trainees to attend on arrival an indoctrination course similar to that presently conducted for them by the R.C.A.F.

IV. EXPANSION OF CANADIAN F86 PRODUCTION FOR NATO

22. *The Acting Chairman, Chiefs of Staff Committee* said that, as the F86 was the only available aircraft that could deal with such Soviet types as the MIG-15, Sir Harold Parker had taken up with the Canadian High Commissioner in London the possibility of Canada supplying some F86's for European NATO countries under the Defence Appropriation Act, 1950. The United Kingdom had tried to obtain F86's from the United States but had been informed that the latter expected the United Kingdom to provide interceptor aircraft for European NATO countries.

The R.A.F. had indicated that it required 392 F86E's; 84 in 1951-52 and the remainder in the following year. As the Canadian airframe, including 25% spares, would cost some $207 thousand, the stated U.K. requirements would cost Canada about $81 million. U.S. approval was required for provision of F86E aircraft to the United Kingdom; arrangements would have to be made for United States provision of the necessary government-furnished property, including engines, without cost to Canada; and NATO would have to recommend production by Canada for the United Kingdom. Canadian production of U.K. requirements would make possible an increase in Canadian aircraft production in 1951.

On December 13th, the Chiefs of Staff Committee had agreed to the desirability of Canada undertaking this production, provided the United Kingdom arranged for NATO to recommend it and for the United States to provide the necessary GFP. On December 8th, Cabinet had indicated that it would be prepared to consider the U.K. request if these two points were settled satisfactorily.

An explanatory memorandum had been circulated.

(Memorandum, Chief of the Air Staff, December 14, 1950 — Panel Document ED-26)†

By letter of December 11th, he had asked the Chief of Staff, U.S.A.F., whether the United States would be agreeable to Canadian provision of F86 aircraft to the United Kingdom, and whether it could provide the necessary GFP under the Mutual Defence Assistance Programme. In a telegram of December 14th, General Vandenberg had replied that aid to the United Kingdom under the Mutual Defence Assistance Programme was not a matter for decision by the U.S.A.F.; that, as all M.D.A.P. funds for 1951 had been allocated, the United Kingdom would have to ask for provision of the GFP from 1952 funds; but that he considered that, by discussion between materiel officers of the R.C.A.F. and the U.S.A.F., a solution to the problem could be found and that he would do everything possible to assist Canada in meeting the U.K. request.

23. *The Deputy Minister of Trade and Commerce* said that the production of F86 aircraft had a high priority. If there were any difficulty in disposing of them, Canada could use them to advantage. The Orenda engine project was progressing and it was hoped that the engine would be in production in about a year.

24. *Air Marshal Curtis* suggested that he advise the C.A.S., R.A.F., to look into the questions of the United States providing the GFP and NATO recommending Canadian production for the United Kingdom.

25. *The Panel*, after further discussion, agreed that:

(a) Sir Harold Parker be informed of the correspondence between Air Marshal Curtis and General Vandenberg, and that Air Marshal Curtis was advising the C.A.S., R.A.F., to look into the questions of U.S. provision of GFP and NATO clearance for Canadian production of 392 F86E's for the United Kingdom;

(b) if these two matters were settled satisfactorily, the proposal for Canadian production of 392 aircraft should go forward to the Government.

V. CANADIAN CONTRIBUTION OF A/A #4 MK. VI RADAR SETS TO NATO

26. *The Deputy Minister of Trade and Commerce* indicated that the NATO Electronics Task Force had recommended to the Permanent Working Staff of the Military Production and Supply Board the production in Canada of 100 #4 MK. VI radar sets for NATO. The Council Deputies had endorsed this recommendation and the Standing Group had stated that the set was militarily acceptable, although the United States would not be using it as it hoped to have a new set, the T33, which would include gun-laying apparatus, in production in a year or so. The MK. VI set was the only one of its kind likely to be available in quantity for NATO countries during the next several years, and European capacity to produce it was inadequate.

The Electronic Defence Supply Panel had recommended that authority be obtained for 100 MK. VI's to be made in Canada for NATO and that enquiries be made as to additional NATO requirements. The Chiefs of Staff Committee had asked the Chief of the General Staff, who was in London, to discuss U.K. requirements.

Assuming the early placing of an order, 100 sets could be produced by Canadian Arsenals Ltd. by June, 1953, for about $12.5 million. Under pressure these might be produced by December, 1952. It seemed sensible to recommend to the Government authorization of production for NATO of 100 sets to be charged to the $300 million provided under the Defence Appropriation Act, 1950. It would then remain to determine which countries wanted these and for NATO to allocate them.

Only 100 sets could be produced with present facilities. To facilitate consideration of the question of meeting additional European requirements, an estimate had been prepared, merely as an example, of the cost of producing a total of 300 sets. An order for 300 would result in delivery of the proposed 100 sets by the summer of 1952 and unit costs would be lowered by 10 - 20%. An order for 100 should, however, not be delayed pending determination of additional NATO requirements.

An explanatory memorandum had been circulated.

(Memorandum, Deputy Minister of Trade and Commerce, December 12, 1950 — Panel Document ED-25)†

27. *The Acting Chairman, Chiefs of Staff Committee* said that the Chief of the General Staff had just reported that the U.K. military authorities were very anxious to obtain 500 MK. VI's and that they expected to confirm this requirement immediately.

28. *Mr. Allen* stated that continued production of this set would not result in postponing use of the T33 set, required by the Canadian Army, as this U.S. set was still at the development stage.

29. *The Chairman, Defence Research Board* said that the United Kingdom had made a decision to obtain MK. VI's just before the last war ended. This set was the last of the last war, rather than the first of the next. If, as it appeared, the United Kingdom had the matching gun-laying equipment, it would nevertheless be sensible to try to meet its requirements for MK. VI's.

30. *Mr. Allen* indicated that, in recommending production of 100 of these sets, the Task Force had merely intended this figure as a starting point for production for NATO countries (37 sets were already on order for the Canadian Army and for other Commonwealth countries). In 1949 Western Union requirements had been estimated as 1,000 sets and it was certain that they were high.

31. *Mr. Mackenzie* thought that no time should be lost in seeking authority to place an order for 100 MK. VI's. Consideration could be given subsequently to the production and financial aspects of additional European requirements such as those of the United Kingdom.

32. *Mr. Robertson* assumed that, if it were decided to make additional sets for the United Kingdom, other NATO countries with holdings of matching gun-laying equipment would probably want Canada to produce MK. VI's for them.

33. *The Deputy Governor of the Bank of Canada* expressed concern at the prospect of Western Europe being unable to pay for much, if any, of its equipment requirements from Canada.

34. *Mr. Mackenzie* suggested that, as NATO had recommended the production of 100 sets, it should be consulted on the desirability of additional production for the United Kingdom and other NATO countries before production of more than 100 sets was recommended to the Government. There was also the consideration that most of the $300 million vote was already tentatively earmarked and that a decision to ask Parliament for further funds for mutual aid had not yet made.

35. *The Deputy Minister of National Defence* thought that it would be reasonable to strike a compromise. It could be suggested to the Government that, as NATO had indicated the military acceptability of the MK. VI set and it was known that the United Kingdom required 500, it would be sensible to order 300 and ask NATO to allocate them. It could be pointed out that this would result in more rapid delivery of the first 100 sets and the reduction of unit costs.

36. *Mr. Robertson* said that a satisfactory solution might be to undertake to transfer a given number of sets to Europe as mutual aid on the understanding that additional European requirements could only be met at a price.

37. *Mr. Drury* doubted that there would be dollars available in Europe for such purchases.

38. *Mr. MacKay* pointed out that the United States might be willing to finance, under the Mutual Defence Assistance Programme, a portion of Europe's MK. VI requirements from Canadian production.

39. *The Panel*, after considerable further discussion, agreed:

(a) that, in view of the U.K. requirement for 500 sets, the Department of Trade and Commerce should recommend to the government an immediate order of 300 #4 MK. VI radar sets, for provision to NATO countries as mutual aid, with an indication that adherence to the original plan of producing 100 sets would result in too few deliveries too late;

(b) that it would be up to the United Kingdom to take steps through NATO to obtain a share of the sets, which would be allocated by that organization;

(c) that additional European requirements could be considered when up-to-date information on these requirements was received.

VI. NATO PROCEDURES FOR PRODUCTION AND ALLOCATION QUESTIONS

40. *The Acting Chairman, Chiefs of Staff Committee* referred to the fact that the Minister of National Defence had raised the question of finding effective machinery for obtaining the views of appropriate NATO bodies on possible Canadian production of items and for allocating Canadian production to other NATO countries.

An explanatory memorandum had been circulated.

(Secretary's memorandum, Dec. 13, 1950 — Panel Document ED-27)†

In a message of December 6th,† Mr. L.D. Wilgress, the High Commissioner in London, had reported that the Standing Group might find it difficult to allocate small quantities of individual items on the basis of strategic need, and was consid-

ering some general principles within which the Military Production and Supply Board could recommend allocations. Mr. Wilgress had suggested that Canada might, in the circumstances, wish to adopt the "shopping list" procedure in order to obtain information as to the military acceptability and possible allocations of items as a basis for decisions as to whether given items should be produced for European NATO countries.

Under this procedure the Canadian authorities would, on the strength of Task Force recommendations and national studies, make tentative offers of specific quantities of items to other countries, communicating these offers through the Permanent Working Staff of the MPSB with an indication of probable terms, delivery schedules, etc. The other countries would then be asked to indicate without delay how many units of each item they wished to obtain from Canada. The PWS would consolidate their replies and report them to Ottawa, recommending allocations within principles prescribed by the Standing Group when bids exceeded quantities offered. Firm proposals for the provision of these items as mutual aid would then go before the Canadian Government for decision and, if they were approved, the MPSB would be informed and subsequent negotiations would be between Canada and individual recipient countries. Mr. Wilgress had indicated that this procedure had become routine in connection with the high priority production programme and would be used in connection with Task Force recommendations.

On December 13th, the Chiefs of Staff Committee had agreed to support the "shopping list" procedure as a means of accelerating the provision of urgently-needed military equipment to other NATO countries under the Defence Appropriation Act, 1950. It had also been agreed that, as a complementary measure:

(i) the Department of National Defence should select, on the basis of the list of high priority production items and the Task Force reports, items that it was desired to produce in Canada for the Canadian services;

(ii) the selected list would then be examined by the Defence Supply Panels, in relation to general Canadian production plans, to determine whether facilities would be available for production beyond national requirements, and, if so, what items might be included in a "shopping list" of items that Canada could offer to produce.

The Joint War Logistics and Production Staff had been instructed to take action along these lines.

41. *Mr. MacKay* referred to a message of December 15th† from Mr. Wilgress on the question of whether Canada should resort to the "shopping list" procedure or wait for requests from other NATO countries. In this, Mr. Wilgress had stated that, in accordance with what he understood was Canadian policy, he had always discouraged individual nations from requesting Canadian provision of specific items as aid, and had insisted that such proposals should be made in a NATO context, e.g., on the basis of Task Force reports on production capacities for high priority items. His message indicated that he hoped that these reports and related Canadian studies would lead to tentative offers being made under the "shopping list" procedure. Recent world developments and intergovernmental discussions were bound to create new pressures for larger military production programmes and, in his opinion,

it would be preferable for Canada to make offers before, rather than after, that event. Mr. Wilgress had also pointed out that, as Canada had a fund available for the provision of mutual aid, it was in a position to make decisions more quickly than some other NATO countries, and its example could serve as a stimulus to the others.

42. *The Deputy Minister of Trade and Commerce* pointed out that there were difficulties to resorting to the "shopping list" procedure at a time when, under tentative plans, the $300 million fund appeared to be largely committed. Also, he was afraid that the procedure might encourage other NATO countries to make requests for more production than the Government would be prepared to undertake.

43. *The Panel*, after discussion, agreed that, while the "shopping list" procedure might not be satisfactory in all cases, it would be desirable to adopt it, as practicable, on an experimental basis.

C.C. EBERTS
Secretary
R.A.J. PHILLIPS
Assistant Secretary

4e PARTIE/PART 4

ADMISSION DE LA TURQUIE
ADMISSION OF TURKEY

568. DEA/8904-40

Note de la Direction européenne
pour le secrétaire d'État aux Affaires extérieures

Memorandum from European Division
to Secretary of State for External Affairs

SECRET Ottawa, September 9, 1950

TURKEY AND THE NORTH ATLANTIC TREATY

I. *Turkish Approaches*

The new Turkish Government first informed the Ambassadors of the United Kingdom, United States and France in Ankara at the beginning of August of Turkey's desire to adhere to the North Atlantic Treaty. An approach was made to yourself by the Turkish Ambassador on August 10, which was followed on August 25 by formal notification to the Under-Secretary of the Turkish Government's application for membership in the North Atlantic Treaty Organization.

2. Your reply to the Turkish Ambassador on the occasion of his first visit was that if the question was raised in the N.A.T.O. and if the United Kingdom, United States and France and other countries raised no objection to the admission of Turkey, Canada would not veto Turkish membership but would indeed give sympathetic consideration to it. In informing our Missions in London, Washington and

Paris of this approach we stated that despite the objections we had seen to the inclusion of Turkey at the time when the treaty was negotiated, we might now re-examine the possibility of Turkey's admission in view of the intensification of the Communist threat, the broadening of the struggle to so many new sectors and the substantial military contribution which Turkey might make. Should Turkey adhere to the treaty, however, it would be difficult to refuse admission to others in the same part of the world, such as Greece or Iran, unless we established a firm criterion for admission in terms of a clearly worth-while contribution to the common security.

3. The Turkish Ambassador was reminded of this difficulty when he came again on August 25 to notify us formally of Turkey's application for admission. He was assured, however, that most careful and sympathetic consideration would be given the application by the Canadian Government.

4. On August 29 Mr. Spofford told the Deputies that the United States Government thought it would be undesirable for members of the Organization to give the Turks any indication of their policy pending an exchange of views among all North Atlantic countries. The United Kingdom Deputy thought it might be impossible for individual governments to avoid some discussion of the subject with Turkish representatives, but he suggested that they might refrain from reaching decisions or from intimating to the Turks what eventual decisions were likely to be. The Deputies agreed that pending the proposed exchange of views among North Atlantic countries the governments concerned should not give the Turks any definite reaction to their enquiries. In accordance with this agreement we instructed Canadian Missions to avoid discussing the matter with the Turks if possible, making it clear that Canada will not take any firm position until the attitude of powers more directly concerned is known.

II. *Disadvantages of Acceding to Turkey's Request*

5. There are several reasons why it has been necessary to examine the implications of Turkey's adherence to the North Atlantic Treaty with some care before replying to the Menderes[67] government's request.

(a) Turkey's admission to NATO would lead to similar requests from Greece and Iran, neither of which would have much to contribute beyond the use of their territory and transportation facilities in case of war, though in the case of Greece the unreserved loyalty of the great majority of the people would also be thrown into the balance on the side of the Western Allies. In other respects both Greece and Iran might prove to be something of a liability.

(b) Turkey's inclusion in NATO might impair the cohesiveness of the North Atlantic area, which is based on geographical propinquity, a network of economic and political relationships and a common cultural heritage in which Turkey has not shared.

(c) Despite Turkey's readiness to send troops outside its own territory, the direct contribution it could make to the defence of Western Europe would be limited by

[67] Adnan Menderes, premier ministre de Turquie (mai 1950-)
Adnan Menderes, Prime Minister of Turkey (May 1950-).

the urgency of its obligation to defend its own frontiers from possible aggression. In any case military planning for the defence of Western Europe without Turkish aid is already well advanced.

(d) Turkey is already receiving from the United States as much in the way of military supplies as it could expect if it acceded to the treaty.

(e) Insofar as military aid in time of war is concerned, the United Kingdom and France are already bound by the Treaty of Mutual Assistance of October 1939 to do what they can if an act of aggression by a European power leads to a war in the Mediterranean area in which Turkey is involved. It is doubtful whether any other European member of NATO would be able to send armed forces to aid Turkey even if the latter did adhere to the North Atlantic Treaty. Thus it might be sufficient, as the President of Turkey himself indicated in conversation with the United Kingdom Ambassador in Ankara, if a unilateral guarantee of armed aid in case of attack were offered to Turkey by the United States.

(f) If the United States does not wish to offer such a guarantee, a regional pact, beginning with Turkey and Greece, might be underwritten by the United States, the United Kingdom and France, with the possibility of including Egypt and Iran and perhaps others later. In their tripartite declaration of May 25, 1950[68] the three Western powers have already undertaken to prevent violation of frontiers or armistice lines in the Middle East. All three have also made pledges of one kind or another to Turkey, and the United Kingdom and United States have aided the Greeks in their struggle against Communist-aided guerrillas. A regional pact for the Eastern Mediterranean might develop normally from these beginnings, though hardly overnight. These considerations suggest that Turkey's security requirements might be met without running the risk of over-extending NATO by forcing on it new preoccupations in the Eastern Mediterranean area.

III. *Arguments in Favour of Turkey's Accession*

6. Among the considerations which appear to support the admission of Turkey to NATO are the following:

(a) Turkey has 21 divisions — a larger army than all the present European members of NATO together. This army is well equipped, a great deal of money has been invested in it and its morale is excellent. Military observers believe it could hold out for several months against Soviet attack. This is more than can be said for any of the European members of NATO. Thus Turkey's inclusion in the organization would be an asset from a military point of view.

(b) Turkey is a natural bastion which if held could be a continuing threat close to the heart of Russia. It has a garrison already in position. It will fight without question if attacked and is steadily improving its military efficiency and equipment. On the periphery of the Soviet Union there is no country which could be more successfully held if the Western powers so determined, provided they put in the necessary supplementary force.

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[68] Voir/See United States, Department of State, *Bulletin*, Volume 22, No. 570, June 5, 1950, p. 886.

(c) Although Turkey will fight the Russians in case of direct attack, even without allies, its leaders are anxious for the full acceptance of the republic as a member of the community of democratic states and would like to have this acceptance made manifest to all by the inclusion of Turkey in arrangements for European security.

(d) The rejection of Turkey's request by NATO would be likely to affect the morale of the Turkish army and people adversely, unless some satisfactory alternative were offered at the time when the Council's decision was made known. In Moscow rejection of the application would be interpreted to mean that the Western powers were unlikely to send armed forces to aid Turkey if it were attacked, and this belief might increase the dangers to which Turkey is already exposed.

(e) The United States is anxious to have air bases in Turkey from which attack on the Soviet Union might be pressed in case of war. This would be possible if Turkey were admitted to NATO.

(f) If the Soviet Union, in view of Turkey's strength, decided to by-pass that country and attack in Iran, Greece and the Arab states instead, Turkey might conceivably remain neutral or non-belligerent as long as it could, as it did during the second world war, unless it is admitted to NATO. The question of whether Turkey's neutrality or non-belligerency would be to the advantage of North Atlantic Treaty powers should therefore be carefully considered before a decision on Turkey's application is reached.

(g) The admission of Turkey would not necessarily imply that Greece and Iran must also be accepted as members of NATO if it were clearly understood that Turkey's admission was agreed to because of the contribution it is able to make to general security.

IV. *Conclusion*

7. A clarification of United States policy toward Turkey is likely to result from the present NATO discussions. In recent weeks Turkish army officers have for the first time been accepting United States advice with regard to the local disposition of armed forces. This is interpreted by some as a step toward joint planning, which in turn might lead ultimately to joint defence. The United States, however, has given no indication yet that it intends to send armed forces to Turkey in case of direct attack. The U.S. decision to act quickly in Korea, where it had relatively few commitments, seems to point to the likelihood that it would also act vigorously if the Soviet Union launched an attack on Turkey, where it has already made a very substantial investment in the form of military equipment, improvement of roads, and the training of Turkish officers. Nevertheless the position is not clear, and the decision soon to be made by the NATO Council will depend to a considerable extent on what the United States is prepared to offer.

8. Although the Ambassadors in Ankara of the United Kingdom, United States and Canada all favour Turkey's admission to NATO, it might be useful, since Turkish leaders themselves are willing to accept other alternatives, to explore the various possibilities open to the Western powers. These would include:

(a) A unilateral guarantee of United States aid to Turkey;

(b) Negotiation of a bilateral treaty of mutual assistance between Turkey and the United States;

(c) The replacement of the tripartite mutual assistance treaty of October 1939 (see 5(e) above) by a quadripartite treaty, revised so as to meet present-day conditions and to include the United States as one of the signatories.;

(d) The development of an Eastern Mediterranean regional pact (see 5(f) above).

Attached is a copy of telegram No. 1735 of September 8† from Canada House outlining views of the Foreign Office, which appears to favour a direct United States guarantee to Turkey or the development of a regional pact in preference to Turkey's inclusion in the North Atlantic Treaty Organization.

5e PARTIE/PART 5

RÉUNION DU CONSEIL DE L'ATLANTIQUE NORD, NEW YORK, 15-26 SEPTEMBRE 1950
NORTH ATLANTIC COUNCIL MEETING, NEW YORK, SEPTEMBER 15-26, 1950

569. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], September 11, 1950

. . .

NORTH ATLANTIC COUNCIL; MEETING, SEPTEMBER 15TH

9. *The Secretary of State for External Affairs* reported that the next meeting of the North Atlantic Council would begin on September 15th. The President of the United States had just announced[69] that this country would propose that forces in being in western Europe be increased to meet the initial shock of any attack. The United States would agree to increase their army in Europe by from five to ten divisions and to have an American appointed as Commander-in-Chief of the western European army immediately. Mr. Truman had said that this action would be contingent upon other members of the North Atlantic alliance making a similar effort. It would be extremely difficult for Canada to take any parallel action with respect to land forces. On the basis of recent plans for accelerated defence programmes and for assistance in the arming of other North Atlantic countries, a good account of the Canadian position could be given. It could be pointed out that Canada was a relatively small country, geographically removed from the European theatre. Attention could be directed to the decision to despatch troops to Korea and to the importance of maintaining Canadian production of supplies. Limited Canadian manpower could not be used for all purposes at once. It was for consideration

[69] Voir/See *Public Papers of the Presidents of the United States: Harry S. Truman 1950*, Document 242, p. 626.

whether reference should be made, in this context, to the despatch of a Canadian air squadron to Europe for training purposes.

10. *The Prime Minister* said that, in considering the U.S. proposal and possible requests for parallel action by other countries, it was of paramount importance to keep in mind the need of keeping public opinion behind any Canadian action. Thus far, there had been general support for all the steps taken but it was important that no division of opinion should be created by attempting to do too much too quickly. With regard to the squadron of aircraft to be despatched for training, it was not desirable that there should be any implication that was comparable, in any way, to the despatch of U.S. ground forces in Europe. The understanding was that the squadron was to be sent for training in the United Kingdom and not for duty. Despatch for duty would require a Government declaration and communication of the decision to the House of Commons within ten days.

11. *Mr. Pearson* said that the Council would probably give consideration to the arming of Western Germany. It appeared probable that there would be agreement on re-arming but only on the basis that German units should form a part of a western European army. Presumably Canada should support this policy. There might also be a proposal for re-organization of the North Atlantic Treaty military machinery along more effective lines. There might be a suggestion that Canada join the Standing Group but this might raise difficulties unless the group were increased from three to five or seven. The addition of Canada to the present group might raise assumptions as to possible Canadian action that would not be desirable. On the civil side of the North Atlantic Organization, it appeared that the French government might recommend the establishment of a North Atlantic "cabinet". There would undoubtedly be substantial opposition to such a proposal.

12. *The Cabinet*, after discussion, noted the report of the Secretary of State for External Affairs concerning matters to be considered at the meeting of the North Atlantic Council and agreed that the position of the Canadian Government be expressed along the lines indicated in the discussion.

570. DEA/50030-A-40

Le secrétaire d'État aux Affaires extérieures aux chefs de poste à l'étranger

Secretary of State for External Affairs to Heads of Posts Abroad

CIRCULAR DOCUMENT NO. A-49 Ottawa, October 28, 1950

TOP SECRET

NORTH ATLANTIC COUNCIL MEETINGS, NEW YORK, SEPTEMBER, 1950

1. As you know, the Council of the North Atlantic Treaty Organization had a series of important sessions in New York on September 15, 16, 18 and 26th. The discussions were dominated by the problems of Germany and the creation of an integrated North Atlantic force. Since these discussions were of great importance, I

think it might be useful for you to have a copy of the attached memorandum, prepared in this Department which gives a brief report on the work of the Council.

2. You will note that the memorandum is graded as "Top Secret". Although some of the discussions have been fairly accurately reported in the press, much was not, and therefore care should be exercised in the circulation of this paper.

R.A. MacKay
for Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

TOP SECRET Ottawa, October 2, 1950

MEETINGS OF THE NORTH ATLANTIC COUNCIL,
NEW YORK, SEPTEMBER 15, 16, 18, AND 26TH

Now that the North Atlantic Treaty Council has completed what were undoubtedly its most important meetings since the Treaty was signed, it may be useful to review the decisions of the Council and the discussions which lead up to them.

I. DECISIONS

1. *Integrated Force.* The most important decision of the Council related to the establishment of a North Atlantic integrated force. All twelve governments have now agreed in principle to the establishment of such a force for the defence of Western Europe; although no territorial limits have been defined, it is generally understood that the territory of all European members of the Treaty and of Western Germany, is included in the defence area. Eventually there is to be one Supreme Commander, served by an international staff, on the model of General Eisenhower's headquarters during the last war. The Supreme Commander will not be appointed until the integrated force is organized and, in the meantime, the Chief of Staff is to be appointed forthwith and the Planning Organization established to prepare for the Supreme Commander's appointment. The staff will be drawn from the nationals of all countries contributing to the integrated force.

2. *German Participation.* No final decision was reached on the participation of German units in the integrated force or on the exploitation of Western Germany's industrial potential for the production of military equipment. It was decided to refer to the Defence Committee the problem of making the best use of German resources in the defence of Europe.

3. *Re-organization of NATO.* Certain changes in the structure of the North Atlantic Treaty Organization will inevitably flow from the decision on the integrated force. When the Defence Committee meets in Washington on October 28, it will be expected to recommend the changes which will be needed in order to make it possible for the Council to give the military side of the Organization political guidance on the integration of the force. In particular, some change will be necessary in the

relations between the Council and the Defence Committee on the one hand, and the Standing Group on the other. The Standing Group is expected to assume the nature of a combined Chiefs of Staff to which non-members will be brought into closer relationship than they now enjoy with the Standing Group.

4. *Economic Aspects of Defence.* The Council instructed the Deputies to consider requesting OEEC delegations in Paris of North Atlantic countries to "assist in the collection and analysis of appropriate economic and financial data from the National Governments and provide expert advice, as required, for the achievement of NATO aims".

The Council also accepted another Deputies' resolution expressing concern "at the possible effect on the rearmament programmes and economies of the member countries of shortages of supply and rising of prices of primary commodities"; the Council, therefore, asked the Deputies to advise "on the best means by which these problems can be dealt with, bearing in mind that the interest of both the producer and consumer countries are involved".

5. *Admission of New Members.* The Council decided that both Turkey and Greece would be allowed to "be associated with the appropriate phases of the work of the various North Atlantic Treaty Military Planning bodies engaged in the defence of the Mediterranean. The purpose of this arrangement would be to facilitate co-ordinated military planning without extending the membership of the Treaty."

II. DISCUSSIONS

1. *Germany.* Much of the discussion in the North Atlantic Council meetings was dominated by the problem of Germany. Although there were two opposing views on the advisability of German rearmament, it would not be true to say that the line between them was clearly defined. Mr. Acheson clearly accepted the views of the European members that Europe must be defended, not liberated; before this meeting of the Council the United States had never so fully committed itself. As Mr. Acheson, himself, said, a revolution has occurred in United States foreign policy. In order to achieve the morale and the will to fight which is necessary for success, Mr. Acheson said, our peoples must believe that they have a chance to resist successfully. Since this meant moving the defence line as far east as possible we had to consider the morale and the will of the German people as essential to our cause. We could not afford to let Germany go by default or by conquest to the other side. To meet this situation, the United States had already announced a policy of placing in Europe substantial bodies of troops at the earliest practical moment. The mere presence of United States troops, however, even in the numbers contemplated, would not solve the problem. What was required, he believed, was a completely integrated force made up of national components under one Commander. In this force, he urged that, at the appropriate time, German units (not larger than divisional strength) would be provided by the German Government and placed under the command of a West European Commander; these German units would be supplied from outside Germany and so equipped that apart from European forces they would be, to a large extent, useless. Mr. Acheson said that according to military advice it might take from one and half to two years to collect such a force. At the end of that period he expected a flood of equipment would be available for German

forces and for all other NAT countries. If the German units were to be ready "at an important time in European history", and if we were to forestall the internal dry rot in Germany, a decision was required now.

It was evident that in taking a strong line, Mr. Acheson, whether deliberately or otherwise, was confronting France with a dilemma. The United States was offering unprecedented aid and undertaking unprecedented commitments in Europe. France would hesitate before blocking this urgently required assistance by holding up German rearmament.

Mr. Schuman made a well reasoned reply in which he outlined the practical and psychological difficulties in the way of reaching a decision, at the present time, to rearm Germany. He said that the United States was proposing to ask the Germans to do more than they have offered to do. Secondly, we could not accomplish German rearmament on any scale for some time; he therefore doubted the wisdom of taking a decision in principle and announcing it now. Third, the French doubted that Germany would agree to participate in a German force without being admitted to the Council directing such a force, in other words, to NATO. Fourth, Mr. Schuman argued that the rearmament of Western Germany or even the raising of the issue, would tend to solidify Soviet control of its Eastern European satellites. Mr. Schuman said that the Germans admire strength, and that if the West were strong they would turn to the West whether they were armed or not. Rather than German rearmament, he preferred more United Kingdom, United States and Canadian divisions in Europe. Nevertheless, he agreed that the Germans would have to participate in their own and western defence in some form. He, therefore, proposed that Germany could best contribute by: (a) providing a police force for internal security, (b) providing vital components of war equipment such as steel, chemicals and raw materials, (c) strengthening and disciplining labour units, (d) building with German manpower fortifications on our eastern line of defence.

Mr. Pearson emphasized that the representative of a country like Canada must approach such an important and difficult subject with special diffidence because we were geographically and psychologically further removed from Germany than were other members. It seemed impossible both politically and militarily to secure enough forces to meet the Soviet threat in Europe without including German units in Western European forces. Mr. Pearson recognized that there were risks in this course but Canada felt that this was the best choice of risks to make, especially as rearming had already taken place in Eastern Germany. This course did not mean that the Germans should be armed before their allies or that the rest of us would slacken our defence effort. Subsequent to Mr. Schuman's statement, Mr. Pearson said that the French argument had been impressive, and that he had every sympathy for the difficulties of France. Therefore, although he had hoped for an agreement in principle on some form of participation of German manpower, he completely agreed with the necessity for a short postponement of a decision.

Mr. Bevin argued for postponement of a public announcement, if not a decision, on German rearmament, on the grounds that the Governments of Western Europe would have to prepare public opinion before they could accept, with the necessary unity, a decision to rearm Germany. He accepted by implication the necessity to lay

plans now as he admitted that we could not expect a breathing space. Mr. Bevin decried the reasoning that if we did not rearm Germany we could not defend ourselves; we did not and should not need to go begging to the Germans but should be prepared, when they are ready, to integrate German units in a West European force which would give precedence to our own forces.

The Netherlands Foreign Minister declared that it was "craven lunacy" not to defend Europe east of the Rhine-Ijssel line. To defend part of Western Germany would require either more United Kingdom, United States and Canadian divisions stationed in Europe, or use of German manpower. Count Sforza said that a powerful West had to include Germany in its defence zone. Norway, Denmark, Belgium and Luxembourg recognized the need for a West German police force but cautioned delay in reaching a decision on broader German rearmament. It was evident from later discussions, however, that those countries which might hesitate at the thought of a rearmed Germany participating in the defence of Western Europe were, nevertheless, prepared to accept United States policy in view of the large share which the United States was contributing to European defence.

The Council adjourned on September 18, at the call of the Chair, and met again a week later. It had been hoped that those few intervening days might be sufficient for some members, particularly France, to secure agreement from their Cabinet colleagues either to accepting the full American proposals or, at least, to meet them half-way. This did not prove possible. At the meetings attended by Foreign Ministers and Defence Ministers of the United States, United Kingdom and France, it was agreed that the strength of the German police should be increased and that Western Germany should be allowed to produce light military equipment and material such as steel and chemicals for heavy military equipment which would be finished outside Germany. The French were unable to go any further on the question of using German military units in European defence. The French Government is no doubt considering not only the state of their public opinion which is, of course, their main stumbling block but they are probably trying also to drive the best possible bargain for United States financial assistance to offset the economic burdens incurred through the greatly expanded French military production programme.

2. *Economic Aspects of Defence*. No final decisions were made on the sweeping French proposals for the re-organization of the economic and productive side of the North Atlantic Treaty Organization. A Working Group of the Council Deputies, however, meeting concurrently with the Council decided to establish two groups of experts to examine the French proposals for the re-organization of the productive and financial work of NATO. It is expected that these two groups will begin their work during the second half of October, with priority being given to the production side.

3. *Information*. The day before the Council met the Deputies announced the appointment of Mr. T.F.M. Newton from the Canadian Consulate in Boston as Director of Information for the North Atlantic Treaty Organization. This was the first concrete step which the NAT Organization has taken in the information field. Information work was referred to only briefly in the Council meetings. There was some support for the view that the publicity organization working through national

bodies rather than through a central production agency, should be small and on a trial basis.

III. CONCLUSION

1. In general, it may be said that for the first time the Council is functioning in the way it was intended, by Canada at least, when the North Atlantic Treaty was signed. There was useful and frank discussion and there were genuine exchanges of ideas. It would appear, therefore, that the Council has avoided the danger of becoming a merely formal body.

Some of the representatives of smaller countries on the Council, notably the Netherlands, have expressed genuine concern not only that the Council would become a rubber stamp, but that the smaller nations were tending to be subjected unduly to decisions of the "Big Three" in matters of foreign policy. Both the trend and the complaints are no doubt to some extent unavoidable but in the Council the role of the smaller nations was much more than that of the acquiescent minority. The differences among the "Big Three" on questions such as German rearmament provided continuing opportunities for the smaller countries to make their opinion felt.

In concrete decisions the accomplishments of the Council were considerable even though they were unable to agree on the role of Germany in European defence. In accepting the concept of an integrated force, member governments have taken the biggest step forward towards the defence of the West since the signing of the North Atlantic Treaty. The re-organization of the Treaty by consolidating the scattered strength of the West will in itself contribute to the security of the North Atlantic Treaty area. The decisions and discussions on the economic aspects of the Treaty, while not as far reaching as those on the military side, will, nevertheless, contribute substantially to the industrial power of the West which is now great in potential but woefully weak in reality.

6e Partie/Part 6

RÉARMEMENT DE L'ALLEMAGNE
GERMAN REARMAMENT

Section A

RÉUNIONS DU COMITÉ PRÉPARATOIRE DE LA DÉFENSE, 18-19 OCTOBRE 1950
DEFENCE COMMITTEE PREPARATORY MEETINGS, OCTOBER 18-19, 1950

571. PCO

Extrait du procès-verbal de la réunion du Comité du Cabinet sur la défense

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET [Ottawa], October 12, 1950

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I. DEFENCE PLANNING; CANADIAN REQUIREMENTS UNDER THE MEDIUM TERM DEFENCE PLAN OF THE NORTH ATLANTIC TREATY ORGANIZATION

1. *The Minister of National Defence* said that the Defence Committee of the North Atlantic Treaty Organization would meet on October 28th, preceded by a meeting of the Military Committee on the 24th. In addition, at the initiative of the U.S. Secretary of Defense, a meeting of representatives of the Defence Ministers had been called for October 18th. It was proposed that Canada should be represented at the latter by the Deputy Minister of National Defence and an official from the Department of External Affairs.

There were a number of extremely important and difficult questions which would be under discussion and it would be useful if some general guidance as well as instructions on specific points could be given by the Committee on the attitude that should be taken by Canadian representatives on the various questions which would arise during the course of the meetings.

2. *Mr. Claxton* recalled that with the development of the North Atlantic Treaty Organization the nature of planning had changed. Previously, plans based on military requirements and agreed to by the planners of the countries concerned had not bound the Chiefs of Staff or the government. Cabinet had only to consider plans when it became necessary to take steps to implement them. Now, however, it was considered that when a country, planning with other countries, agreed on requirements, it was making at least a moral commitment to assume responsibility for its share of filling such requirements.

Last August, the Standing Group had circulated a questionnaire asking the N.A.T.O. countries to provide lists of requirements and deficiencies involved in making good the Medium Term Defence Plan shown by the years 1951, 52, 53 and 54, together with an indication of the cost involved.

The North Atlantic Council, last September, at its session in New York, had passed a resolution concerning the revision of the major force levels of the Medium Term Defence Plan in order to determine exactly what were the force levels required for the defence of the West, based on military considerations alone. The Council had recommended: "that member governments upon being advised by the Council of the provisions of the revised Medium Term Defence Plan and the respective contributions required thereby, consider as a matter of urgency the acceptance of the Plan and the taking of such measures as may be necessary as rapidly as possible to meet the contributions required of them, on the assumption that the necessary complementary action in the fields of production and finance will be taken to provide the equipment required." This resolution in effect placed integrated force requirements in the category of moral commitments. Accordingly, force requirements to all intents and purposes had become statements of approved Armed Forces development programmes.

This would be particularly true in the case of Canada, as our position was unique. Alone among N.A.T.O. countries, we would not be looking to the U.S. for assistance. Those N.A.T.O countries which would be receiving assistance from the United States were indeed, under the terms of the Council's resolution, required to put forward plans without any regard for their capacity to meet them financially. Fulfilment of these plans would be considered as dependent to a great extent on U.S. aid. However, as Canada was not accepting financial or other aid from the U.S., any planning requirements which are shown in the N.A.T.O. Medium Term Defence Plan as Canadian responsibilities would have to be discharged entirely from Canadian resources. If we put forward anything now, we must be prepared to carry it out.

Under the approved arrangements for N.A.T.O. defence planning, Canada, as a member of two regional groups, had participated in the preparation of short-term and medium-term plans for the North Atlantic Ocean Regional Planning Group and the Canada-U.S. Regional Planning Group. In conformity with approved N.A.T.O. policy, Canadian participation in the former involved the provision of forces to control the sea and air lines of communication in the Atlantic and northern North Sea. Plans had been produced under which Canada would assume 10% of the responsibility for defensive operations in terms of manpower and ships; the U.S. 50% and the U.K. 40%. The U.K. and the U.S. would of course be responsible for offensive Naval operations both in the North Atlantic and elsewhere. In actual fact, under present plans Canada would only be able to assume 4% of the responsibility in the North Atlantic at the outbreak of hostilities.

In order for Canada to assume the 10% agreed on, an effort would be involved which, if looked at as an isolated contribution, appeared reasonable and appropriate both from a strategic point of view and in terms of the financial and manpower contribution that would be necessary. However, when this effort was taken in conjunction with all other defence requirements the total involved something much larger than had been contemplated up to the present as a fitting one.

With respect to the Canada-U.S. Regional Planning Group, Canadian participation involved:

(a) the defence of home territory against air or airborne attacks and the defence of coastal waters; and

(b) the expeditious provision of land and air reinforcements for other regional groups.

The United States and Canada had produced intelligence appreciations indicating the forms and scales of attack contemplated on the region for the short-term plan and the medium-term plan. Based on those intelligence appreciations, approved by the Chiefs of Staff of both countries, Canadian planners in cooperation with U.S. planners, developed plans indicating the forms and scales of attack. Word had been received today that, for reasons as yet unknown, the U.S. Chiefs of Staff had not approved the plan. The Canadian Chiefs of Staff had had it under consideration and were anxious for instructions and guidance from the Committee on the attitude they should take.

An explanatory memorandum has been circulated.

(Minister's memorandum, Oct. 12, 1950 — Cabinet Document D-263)†

3. *Mr. Claxton* said that the requirements for the three forces under the Medium Term Defence Plan, taken together, would require large additional sums of money to implement them. Further, while in preparing plans an endeavour had been made to restrict manpower requirements to the numbers that we were likely to be able to secure from voluntary recruiting, at the present rate it was unlikely that in the case of officers the required number could be raised to suitable standards.

While it had not yet been possible to work out the cost for 1951-52 of the programme already approved, it appeared that this might amount to considerably more than originally anticipated requiring additional expenditures without the assumption of any further commitments under the Medium Term Defence Plan.

In the circumstances, if we were not prepared to assume substantially greater obligations it might be necessary to level off the recruiting programme and, at the forthcoming meetings in Washington, indicate quite clearly that Canada was not prepared to go beyond the defence programmes for 1951-52-53 that had already been approved by the government. It might, however, be further indicated that, if in 1953 the international situation warranted it, the defence programmes might be greatly accelerated by calling out reserves so as to meet the figures shown in the Medium Term Defence Plan for July 1, 1954, by that date.

4. *The Prime Minister* said that it was difficult to approve second steps when it was not yet known what was involved in the taking of the first step. At present, the question of what Canada would be required to provide towards the proposed integrated force in Europe was still unanswered. Before we were in a position to determine what should be done in 1952 or 1953, it was necessary to know what our immediate contribution to the integrated force should be. Canada would have to do her part in making the Europeans realize that the plan was a genuine one intended to prevent their countries from being over-run. If we could do this, then they would be encouraged to do as much as possible for themselves.

5. *The Minister of Finance* suggested that it was putting the cart before the horse to indicate a further Canadian contribution before we were aware of the require-

ments. He suggested that we should say at the present time that we were committed to programmes which had already been approved by the government and that at the moment there was no intention to go beyond these. It was difficult to evaluate the potential contribution that might be made by this country, as this depended directly on the state of mind of the people which changed according to the international climate.

6. *Mr. St-Laurent* said that as we were not a recipient of American military assistance but rather a contributor in our own right, we must be given some clear indication of the way in which we could best contribute to joint strength. Then it would be the responsibility of the government to say what could best be done from the remaining available resources and manpower. Before additional commitments could be made, a more concrete approach to the way in which the joint strength was going to be built up was necessary.

7. *The Under-Secretary of State for External Affairs* suggested that there was a distinction between the stage in reality that had been reached in planning for the integrated force and in the general Medium Term Defence Plan. It appeared that a more precise policy with regard to a Canadian contribution to the integrated force was necessary at present than was the case with the Medium Term Defence Plan generally.

8. *The Chief of the General Staff* observed that plans for an integrated force were part of the Medium Term Defence Plan. Formerly there had been no planning requirements for Canadian or American forces stationed in Europe until after D-Day. Now it was considered that if the force was to be an adequate deterrent, North America must contribute towards its strength.

In this plan, *General Foulkes* said, we were bound to some extent to be influenced by the opinions of all our North Atlantic partners. With regard to planning for the defence of Canada and the U.S., this was solely the joint responsibility of the two countries and we were bound only by our own views. It was suggested that it was not necessary to have 100% of the requirements indicated for 1954 unless the international situation changed in the meantime. The date was arbitrary — not based solely on considerations of intelligence. It might be possible to assume rather greater risks than contemplated in the plan. The situation could be reviewed again in 1953 and, if the government felt that it was warranted, by using a nucleus of regular troops filled out with well-trained reservists, within a few months we could have the force required for 1954 under the Medium Term Defence Plan.

9. *Mr. St-Laurent* thought that if we were going to put a much greater effort into a deterrent force in Europe this should be because we expect that force to be effective, thus reducing the strength to some extent of the defensive force required in Canada.

With respect to the Canadian contribution to the integrated force, at present it appeared that there were no requirements for it other than in Korea or Europe and we might indicate our intention to make it available for one or the other, subject of course to the approval of Parliament in the case of Europe.

10. *Mr. Claxton* suggested that at the forthcoming meetings of the North Atlantic Treaty Organization in Washington, Canada should support the inclusion of West

German forces in the integrated force as essential to its success. A practical beginning was the raising of para-military formations at first from volunteers, gradually worked up into formations below divisional levels. It had been reported that there was a chance of the French Government accepting a scheme along these lines.

11. *Mr. St-Laurent* said that it would be unrealistic to plan to defend Western Europe against Western Germany. If there were to be a war, the West Germans could not remain neutral and it was essential that they should be on our side. Participation of German units in an integrated European force was a difficult principle for some of the continental European countries to accept. Canada should support the attainment of this objective in as rapid and effective a manner as was consistent with the unanimity of the members of the North Atlantic Treaty Organization.

12. *Mr. Claxton* said that Canada might find herself the only country not answering the questionnaire of the Standing Group with regard to requirements and costs for the Medium Term Defence Plan. It was suggested that the Chief of the General Staff might discuss the question with senior American officers in Washington in order to determine what they proposed to do and to put forward our view that we could not undertake future commitments until we knew what was required for the present. If an answer was still required, then it might be made in terms of plans already approved for 1951, 52 and 53, but for 1954 it could be indicated that by a big acceleration of the defence programme and by calling out part of our reserves, we could if necessary meet the 1954 requirements. While the approach made by the Standing Group was unrealistic, it would be undesirable to put Canada in the position of not responding to the questionnaire, even though, because of our position, it would have a greater significance than in the case of the other countries.

13. *The Committee*, after further discussion, agreed:

(a) that in the forthcoming meetings in Washington of representatives of the Defence Ministers, the Military Committee and the Defence Committee of the North Atlantic Treaty Organization, Canadian representatives should indicate that no further defence commitments could now be made for 1951, 1952 or 1953 beyond those already approved by the government, subject of course to revision in the light of changing circumstances;

(b) that for 1954 it be indicated that, should international conditions in 1953 warrant it, the Canadian government would consider, by accelerating the defence effort and calling out reservists, meeting the Canadian contribution indicated for the Medium Term Defence Plan;

(c) that it be indicated that the Canadian Special Force had been raised to meet Canadian obligations under the North Atlantic Treaty Organization or the United Nations and that as it appeared that the only requirements existing for it in the present circumstances were either as part of the U.N. force in Korea or the planned integrated force for Western Europe, the government would be prepared to make it available, should the circumstances remain the same, for whichever purpose seemed most desirable, subject to the approval of Parliament in the case of the integrated force;

(d) that Canada should support the inclusion of West German units in an integrated force for Europe in as rapid and effective a manner as was consistent with unanimity among the members of the North Atlantic Treaty Organization;

(e) that it also be indicated that Canada was planning to send a squadron of fighter aircraft to the United Kingdom for operational training in 1951, to be followed possibly by two more in the same year — these to be relieved by others on a rotational basis;

(f) that the Chairman, Chiefs of Staff Committee, meet at an early date with the American Chiefs of Staff in Washington, in order to point out to the latter the difficulties involved in Canada answering the Standing Group questionnaire concerning requirements and costs to meet the Medium Term Defence Plan;

(g) that if, nevertheless, it still appeared desirable to make an answer, this should be done in terms of the programmes already approved by the government for 1951, extended into 1952 and 1953, while for 1954 it be indicated that the figures might be met by calling up reserves, etc., if, later, this appeared desirable.

II. SIMPLIFICATION OF NORTH ATLANTIC TREATY ORGANIZATION

14. *The Minister of National Defence* made certain specific proposals regarding instructions to the Canadian representatives to the forthcoming meetings of representatives of the Defence Ministers, the Military Committee and the Defence Committee of the North Atlantic Treaty Organization in Washington.

15. *The Committee*, after discussion, agreed: (a) that Canadian representatives to the forthcoming meetings in Washington of representatives of the Defence Ministers, the Military Committee and the Defence Committee of the North Atlantic Treaty Organization should support the following changes in the organization:

(i) One Council of Ministers should take the place of the three already in existence, where ministers might represent their countries either singly or collectively, as appropriate.

(ii) As a result of such a move, the Deputies, as the Continuing Executive for the new Council, would have increased status and responsibilities, and would assume responsibility for the Working Staffs dealing with financial supply and economic matters;

(iii) The Standing Group should assume the functions of a Combined Chiefs of Staff with however, the accredited representation having real access to information and plans and opportunities for consultation and discussion;

(iv) A Supreme Commander, responsible to the Standing Group, should be ultimately appointed for the integrated forces in Western Europe;

(v) The status of the Military Committee would be changed in conformity with the new arrangements; and

(b) that the Deputy Minister of National Defence and an official from External Affairs represent Canada at the meeting of the representatives of Defence Ministers to be held on October 18.

. . .

572. DEA/50030-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2590 Washington, October 19, 1950

TOP SECRET. IMPORTANT.

Following is repetition of message sent from Canadian Joint Staff, Washington to Chiefs of Staff Committee. Text begins:
Following from Drury, Begins:

NORTH ATLANTIC DEFENCE COMMITTEE PREPARATORY MEETINGS

1. The Preparatory Group got under way yesterday afternoon in the Pentagon under Lovett's Chairmanship. He explained that Mr. Marshall's idea in calling the meeting was to "clear away some of the underbrush" from the Defence Committee's agenda, especially on the subjects that were primarily political rather than technical. He therefore proposed that we should go through the Defence Committee's agenda and see what we could usefully tackle.

2. We therefore turned to the fourth draft of the Defence Committee's agenda† which you have. Lovett explained that under Item 2, defence planning, progress reports would be noted by the Defence Committee on:

(a) Military production and supply

(b) The Standing Group's progress in military planning generally and

(c) The status of short term plans.

3. No action would have to be taken by the Defence Committee from these reports which, especially in the case of the short term plan, would simply serve to underline the inadequacy of the present state of our defences.

4. Under Item 3 there would be an examination of medium term defence plans, as requested by the Council in its resolution (C5 D5). This would lead to a review of the adequacy of the force levels for 1951 under the plan. Lovett did not say much about this item but we gather informally that a final revision of the inflated medium term plan approved at The Hague meeting of the Defence Committee will not be ready in time for consideration by the Military and Defence Committees next week although there may be more precise information on 1951 force levels than on 1954 targets.

5. Item 4, on German participation in an integrated force, will of course be the most difficult item on the Defence Committee's agenda. Lovett explained that the United States delegation would have a paper for distribution to the Preparatory Group at the next meeting which is this afternoon. (I shall be bringing copies of this paper when I return to Ottawa this evening). The United States paper will deal only with the technical aspects of German participation and not with the principles which would of course have to be discussed by the Ministers. Indeed, Lovett said,

the whole subject was so much a political one that it was being reserved for the Defence Committee and would not go through the Military Committee. It was in order to give the Defence Ministers an opportunity to study the United States paper in advance and, through their personal representatives in Washington to ask questions or make comments on it, that the United States delegation was proposing to circulate their paper. Any delegation that did not wish to make comments he added, need not of course feel bound to do so before the meeting of the Defence Committee.

6. The French Ambassador, [Henri] Bonnet, objected quite strongly to the proposal that there should be any discussion of a United States paper on German participation before the questions came before the Ministers as he believed that a discussion of the technical aspects before the principles were agreed would be both premature and prejudicial to final agreement. His fears were not allayed by Lovett's explanations and he implied that the procedure proposed by the Chairman was a violation of the assurances given by Mr. Marshall to Mr. Moch that the whole subject would be reserved for Ministers. Lovett held firm, basing his case on the Council request (Resolution C5 D11) for technical recommendations from the Defence Committee on German participation, and the need to prepare the ground (with whatever delegations wished to do so) so that Ministers would not be faced, as they had been in New York, with a United States paper which they had never seen before. He agreed with Bonnet that there could be no question of pre-judging agreement on principles before the Ministers met but he hoped that the clarification of some of the technical aspects, including a more detailed examination of possible safe-guards than had been presented in New York, would facilitate a discussion of principles by Ministers and give them an opportunity, before they met, to consult with their Governments.

7. On Item 5, there was no discussion of the integrated force proposals which are to come before the Military Committee.

8. As regards Item 6, Lovett announced that the United States paper on the reorganization of the Military Production and supply Board would not be put forward, as the subject was already being considered by the Deputies and the experts of their Working Group, but if other delegations wished to make proposals they were of course free to do so. No one indicated that they would have proposals to put forward under this item which I think more properly belongs to the Deputies at this stage.

9. Finally, Lovett indicated that Mr. Marshall would like the Preparatory Group to meet again on Monday for a discussion of the paper on German participation that is to be circulated at today's meeting and again whenever possible between the meetings of the Military and Defence Committees. There would be political aspects of the Military Committee's work on which the group could do useful preparation for the Ministers and they might also give consideration to the terms of a press communiqué for the Defence Committee as well as the questions as to the date and place, and Chairmanship of the next meeting of the Defence Committee.

10. From this rather unproductive meeting, we at least have a clearer conception of what the United States delegation has in mind as the role of the Preparatory

Group. What is less clear is whether the French will agree even to be present for a discussion of the United States paper on German participation, which is the major item on the Preparatory Group's agenda. The United States delegation recognizes this danger but proposes to go ahead anyway. If the discussion at this afternoon's meeting makes a walkout appear possible, I may propose that the Preparatory Group should not meet again until October 25th when we should have more chance of knowing the preliminary views of our Governments on the United States paper and when we should also have other items from the Military Committee for discussion.

11. In a separate message, the Embassy is reporting to External Affairs on State Department views on the French position on German rearmament.

12. I am repeating this message on the Embassy circuit to External Affairs. Text ends. Message ends.

573. DEA/50030-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2591 Washington, October 19, 1950

SECRET. IMPORTANT.
Repeat Candel New York No. 21.

DEFENCE COMMITTEE PREPARATORY MEETINGS

Reference Drury's message repeated in my teletype WA-2590 regarding the Defence Committee preparatory meetings, this is a supplemental message dealing with the French reaction to United States proposals on German rearmament.

2. I reported in my message WA-2495 of October 12th† some State Department views on the French reactions to the question of German rearmament based upon talks between Ignatieff and MacArthur. MacArthur had a further talk with Messrs. Drury, Ignatieff and George yesterday. MacArthur said that Bonnet's reaction at the meeting of the Defence Ministers' Deputies yesterday came as a surprise to Mr. Lovett and the other United States officials concerned. Bonnet professed that it was his understanding that there would be no preparatory work done on the German rearmament question until the Defence Ministers themselves meet on the 28th. He did not object to the idea of having a United States working paper circulated, but thought that it should not be discussed until the Defence Ministers make a decision on the main principle of whether Germany should be rearmed and German forces amalgamated with the projected European integrated force. He said that there had apparently been some misunderstanding between the French and the United States representatives on this point, evidently alluding to the talks between M. Moch and General Marshall which took place earlier this week.

3. Lovett was quite firm in his response to Bonnet, saying that, as far as he knew, there had been no misunderstanding. He said that it was quite evident that the Defence Ministers' Deputies could, and should, discuss this question since the Defence Committee's agenda included the item "contribution of Germany to the defence of western Europe". He recalled, moreover, that the Council had asked the Defence Ministers to recommend the terms under which German forces might be utilized for the defence of Europe, including the kind of safeguards that should be applied and that the United States paper had been drafted on that understanding.

4. MacArthur recognizes that the raising of the problem of German rearmament poses a critical political problem for the French Government. The French representatives have argued that the acceptance by the French Government of a proposal to rearm Germany before France herself is rearmed under the new defence effort would almost certainly lead to the defeat of the Government in the Assembly. Jules Moch, the Defence Minister, is personally almost fanatically opposed to German rearmament. Of Jewish origin, Moch suffered from German persecution and his son died a cruel death at the hands of the Gestapo. The French, moreover, argue that they are anxious to institute a new electoral law which would deprive the Communists of some of the advantages they now have under proportional representation in the Assembly, before the next general elections are held. If general elections are precipitated by the pressing of the German rearmament question, the Communists would probably be returned in roughly the same strength in the Assembly and would continue to hamper the defence effort from the opposition benches. The French, therefore, propose postponing a decision on the German rearmament question, at least until the electoral reform has been conducted by the Assembly and general elections have been held on the basis of this new law, possibly in May.

5. In opposition to these arguments, MacArthur says that, in the opinion of the United States authorities who have studied the question, the consideration of the question of German rearmament cannot be postponed until some time next year when the general elections in France have been held. He said that the real danger was that the old military clique in West Germany would conspire to rearm Germany and then undertake to unify Germany by force, which might involve the Western Powers in a general war. It was therefore thought essential by the United States authorities that the German military strength should be amalgamated from the very start within the framework of the integrated plan for the defence of Europe and be subject to adequate safeguards to ensure that German militarism does not endanger peace again. Moreover, MacArthur believes that French public opinion is probably ahead of the Government in being prepared to accept German rearmament, subject to proper safeguards. He indicated that, in any case, the United States Government is not prepared to follow the French in postponing a decision of this important issue indefinitely and would like to canvass the opinions of other Governments in the North Atlantic Treaty organization on this question. He believes, for instance, that substantial support would be forthcoming for the United States position from The Netherlands, Belgian, Norwegian, and probably the Italian Governments. He also indicated that a further expression of opinion from the Canadian Government through the Defence Ministers' Deputies, as well as by the Defence Ministers when they meet, would be very welcome.

6. As the situation now stands, the United States working paper, which has been prepared as a result of interdepartmental consultation in Washington, (in which the Defence Department apparently has taken the initiative, but in which the State Department Bureau of German Affairs under Byroade has also been very active) will be distributed today. The French will probably again raise the procedural objection that it should not be discussed before the Defence Ministers meet on the 28th. This procedural question will have to be decided by discussion and Lovett, I gather, expects that the majority of opinion among the Defence Ministers' Deputies will favour a full consideration of the United States paper. The purpose of the discussion on the substance of the paper would be to improve the text, particularly those parts which refer to the kind of safeguards which are needed to govern German rearmament in order that the Defence Ministers will have a better paper on which to base their discussion.

574. DEA/50030-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2603 Washington, October 20, 1950

SECRET. IMPORTANT.

DEFENCE COMMITTEE PREPARATORY MEETINGS

1. Reference my messages WA-2590 and 2591, Mr. Claxton will no doubt have received personally from Mr. Drury, on his return to Ottawa, an account of yesterday's meeting, but following is a report of the discussion prepared by Ignatieff.

2. The second of the preparatory meetings for the Defence Committee was again occupied principally with a dialogue between Messrs. Lovett and Bonnet on the procedure to govern the discussion of the United States proposals on German rearmament. The French Ambassador began by giving an explanation of his understanding of how the misunderstanding had arisen between the United States and French Governments. He recalled that, initially, the French Government had declined to participate in these preparatory meetings on the grounds that they were unnecessary. Later, when Jules Moch visited Washington, he agreed to have a French representative take part in the discussions, on the understanding that the discussion of the question of German rearmament would not be taken up until the Defence Ministers themselves meet on 28th October. Bonnet said that M. Moch's understanding of the purpose of the preparatory meetings was that the Defence Ministers' representatives would go through the documents which would come up for consideration by the Defence Ministers and would prepare a commentary on these papers, bringing out the more important issues requiring Ministerial consideration. He emphasized that M. Moch's understanding was this preparatory work would not include the item on Germany.

3. Mr. Lovett was completely unmoved by M. Bonnet's arguments which were put forward more than once to the Committee. He recalled that the invitation, as originally sent out, included all the items of the Defence Committee's agenda and there had never been a suggestion that the consideration of any one item should be excluded from the responsibilities of the Defence Ministers' Deputies. Moreover, Lovett said that he had not understood that the French had suggested that any item should be excluded from the discussion at these meetings, nor was the French Government, indeed in a position to prevent the discussion of any item. His understanding was that the French Government had reserved its decision on this whole matter and that if the French representative did not wish to take part in the discussion of the item on Germany, he was perfectly at liberty to attend the meetings in the capacity of an observer only , and would not have to assume any responsibility for the views expressed by the Deputies.

4. There were several other exchanges between Bonnet and Lovett in which, incidentally, Bonnet mentioned that the reason that the French Government did not wish the German question should be taken up until 28th October, was that the whole question of rearmament and the possible German relationship to it would be debated in the Assembly and the French Cabinet would await the results of this debate before defining the French position on German rearmament. He recalled that France was a directly "interested party" in relation to this question. Lovett concluded the exchange rather abruptly by saying that the French position had been made abundantly clear, and suggested that the Committee should go on to the discussion of other matters, and expressed the hope that the instructions of the French Ambassador might be "expanded" on this question. Bonnet made it clear that he was awaiting instructions from Paris on what position he should take.

5. United States recommendations regarding German contributions to the defence of Western Europe were distributed to the Deputies in a paper (D.C. (Dep) 1, 19th October)[70] and Messrs. Drury and George have taken copies back with them to Ottawa.

6. The only other question discussed was the suggestion from Lovett that the Deputies might consider the relationship which the Brussels Treaty Powers should have to the NATO military structure as reorganized. Lovett specifically referred to the proposals previously submitted by the French Government to the Council Deputies in this connection. He suggested that informal consultations might take place in Washington between the representatives of the Brussels Treaty Organization and NATO in consequence of the reorganization now contemplated. This idea was generally approved. The question then arose as to when the Brussels Treaty representatives might meet and Mr. Drury made the suggestion that this consultation might take place on Monday, leaving the detailed discussion of the United States proposals on German rearmament until Wednesday, October 25th, which would give more

[70] Ce document reprenait en grande partie le libellé du texte diffusé le 26 octobre 1950 par la délégation américaine au Comité de la défense et que l'on trouve dans :/This paper was substantially the same as the text circulated by the American delegation to the Defence Committee on October 26, 1950 and printed in:/United States, Department of State, *FRUS*, 1950, Volume III, Washington: United States Government Printing Office, 1977, pp. 406-409.

time for representatives to consult their respective Governments. This idea, however, was not favoured by Mr. Lovett, although Mr. Drury's suggestion was supported by Messrs. Bonnet and Kauffmann (Denmark). It was agree that the preparatory meeting would proceed with the discussion on the United States paper on "recommendations by the Defence Committee regarding German contributions to the defence of Western Europe" (D.C. (Dep)1, 19th October) on Monday, 23rd October at 4. p.m.[71]

7. The United States representatives at these meetings evidently want to get on with the discussion of the United States paper on Germany before the recommendations of the Military Committee, which are to be reviewed by the Deputies of the Defence Ministers, divert their attention from the German problem. However, it is questionable whether many of the representatives present will have had an opportunity of getting instructions on the United States paper in time to enable useful discussion to take place on Monday. Possibly the United Kingdom comments, at least, may be forthcoming, as the United Kingdom Embassy is equipped with a special Attaché to deal with German problems, in addition, of course, to having a wealth of experience to draw on as a result of their role as an occupying Power.

SECTION B

RÉUNIONS DU COMITÉ DE LA DÉFENSE, 28-31 OCTOBRE 1950
DEFENCE COMMITTEE MEETINGS, OCTOBER 28-31, 1950

575. DEA/50030-B-40

Projet d'une note pour le Comité des chefs d'état-major[72]
Draft Memorandum for Chiefs of Staff Committee[72]

TOP SECRET [Ottawa], October 20, 1950

NORTH ATLANTIC DEFENCE COMMITTEE RECOMMENDATION ON GERMAN PARTICIPATION IN THE DEFENCE OF WESTERN EUROPE

The U.S. Defence Department, with the assistance of the Department of State, have prepared a draft recommendation from the North Atlantic Defence Committee to the Council, in answer to the Council's resolution C5 D/11 asking the Defence Committee how Western Germany could make its most useful contribution to the defence of Western Europe. The U.S. paper is intended to serve as a draft reply for consideration by Ministers when the Defence Committee meets on October 28. It has been circulated to the Preparatory Group of the personal representatives of

[71] Évidemment, le comité préparatoire ne s'est pas réuni de nouveau; le document américain a par la suite été étudié lors de la réunion du Comité de la défense tenue le 28 octobre 1950.
Evidently, the preparatory committee did not re-assemble and the American paper was subsequently discussed at the Defence Committee Meeting which convened on October 28, 1950.

[72] Le comité des chefs d'état-major ne s'est pas réuni pour étudier ce document, qui semble avoir été rattrapé par les événements.
The Chiefs of Staff Committee did not meet to consider this paper, which seems to have been overtaken by events.

Ministers which met in Washington on October 18 and 19 and is to meet again on October 23 when the U.S. Delegation have indicated that they would like informal comments from the representatives of other countries. It is understood that any comments which other representatives may wish to make would be taken as their personal comments and not as those of their Governments whose views would be given by their Defence Ministers on October 28.

2. Although Mr. Drury, as the representative of Mr. Claxton in the Preparatory Group, will not have to speak for his Minister, it is desirable that on October 23 he should be in a position to indicate, generally speaking, any Canadian views or misgivings on the U.S. paper so that a better paper can, if possible, be prepared before the meeting of Ministers.

3. Our comments may be divided between (A) those bearing on the paper itself and (B) those that have to do with what might be said about the paper in the Defence Committee or in the Preparatory Group.

4. In the first place, then, we have the following comments on the paper itself:

(a) The recommendations advanced by the United States as regards the most effective way in which Western Germany could participate in the defence of the West, and as regards the most effective safeguards, appear technically sound.

(b) The wording of the paper could, in several places, be improved and clarified; small changes of phrasing, as distinct from changes of substance, should be suggested by the members of the Canadian Delegation who could perhaps take up such points informally with the U.S. Delegation during the Preparatory Group meetings next week.

(c) As an additional safeguard, it might perhaps be suggested that the length of service in German units should be fixed so that German units could not be used, as they were by the Weimar Republic, for training a large number of men brought into the forces for short periods of service. (This argument could be based on purely military considerations: the length of service required by the Supremo for units of the integrated force.)

(d) The safeguard contained in sub-paragraph (c) of the U.S. paper is considered unrealistic and unnecessary, as it might be difficult to find an appropriate civilian who had not served in the German Forces during the past 10 years.

(e) On the other hand, sub-paragraph (d) of the U.S. paper might be strengthened by saying that "There should be established ..." an Inspector General, rather than "Consideration should be given to the establishment ...".

(f) In the last sentence of sub-paragraph (f) of the U.S. paper, it might be made clearer that the defence costs of which the German Government must bear its share are those of defence production, as it has already been stated at the bottom of the first page of the U.S. paper that the German Government should pay for the recruitment, uniform, pay and accommodation of German units.

5. As regards what might be said in Committee about the U.S. paper, our comments are a good deal more general. Perhaps the chief point to make is that, in the Preparatory Group, the representatives of Defence Ministers will not be asked to make comments on the political assumptions of the paper but only on its technical

aspects. However, it seems impossible to divorce the two considerations and we have, therefore, tried to put on paper some tentative views as to the political setting in which the U.S. paper will have to be discussed at the meeting of the Defence Ministers.

6. Our first proposition is that safeguards, however carefully framed, may not endure much longer than the establishment of a fully independent West German Government. From this reasonable expectation it follows that, in the final analysis, only the integration of Western Germany in the Western community can ultimately protect the other nations of Western Europe from a resurgence of German militarism.

7. Second, it would be desirable (if it is politically feasible) for the French and others to be given some assurance, even an informal one, that the Americans are thinking in longer terms in their planning for the establishment of an integrated force in Western Europe. Plans calling for the creation of an integrated force by 1954 leave open the question of how long U.S. forces will continue to remain in Europe. On the other hand, the French themselves must realize that Western Europe has little chance of surviving in the face of Russian power in anything like its present form unless the Americans remain in Europe, so they have, in effect, no option but to plan on the assumption that the United States will not build up German units and then withdraw from the Continent.

8. Our final proposition is that we should not be led by the logic of the purely military argument into pressing the French too hard for an immediate agreement on a programme that has immense political difficulties for them and, in any case, cannot be implemented immediately. As the timing of military planning is basic to some of the French misgivings, it might be helpful if more attention were given either in the paper itself or in the discussion of the paper by Ministers, to the probable timetable. For example, we do not have authoritative military answers to the following questions:

(a) When can we expect the establishment of an integrated force in Europe? (That is, when will the first United States divisions under SHAPE probably arrive in Europe?)

(b) How long would it take for present and planned production programmes in North Atlantic countries to turn out enough equipment for not only North Atlantic units which are to be formed but also for German units to participate in the integrated force?

(c) How long are we planning to have an integrated force in Europe — for a set number of years or indefinitely?

(d) When are Governments expected to commit themselves to the establishment of an integrated force and the participation of German units in it (Mr. Acheson's "single package" proposal) — at the next meeting of the Council, probably in December?

576. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], October 25, 1950

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NORTH ATLANTIC TREATY ORGANIZATION; RE-ORGANIZATION

21. *The Minister of National Defence* recalled that he and the Secretary of State for External Affairs had in recent statements indicated their dissatisfaction with the organization under the North Atlantic Treaty. In this connection, certain proposals were submitted for the simplification of the organization to be put forward at the forthcoming meeting of the Defence Committee in Washington.

(Minister's memorandum, Oct. 24, 1950 — Cab. Doc. 241-50)[73]

22. *The Cabinet*, after discussion agreed that, at the forthcoming meeting of the Defence Committee in Washington, the Minister of National Defence should support the simplification of the North Atlantic Treaty Organization along the following lines:

(a) a single Council of Ministers who would be representatives of governments;

(b) a committee of deputies responsible to the Council; and,

(c) considerable simplification on the military side and strengthening of the status of the accredited military representatives to the Standing Group.

WESTERN GERMANY; RE-ARMAMENT

23. *The Minister of National Defence* reported that, at the recent North Atlantic Council meeting in New York, the U.S. representatives had strongly urged that Western Germany be progressively rearmed. The military situation was such that without this, the defence of Western Europe was a virtual impossibility. France had up to this date resisted the idea in its entirety. However, it was believed that in the long run France would come to accept it.

24. *Mr. Claxton* said that in his view this was a matter of primary concern to the countries more immediately affected and that while Canada should support the idea of encouraging the establishment and arming of units of Western Germans under the command of the occupying forces it should not be actively pressed and we should take no active part in discussions.

(Minister's memorandum, Oct. 24, 1950 — Cab. Doc. 241-50)

25. *The Cabinet*, after discussion, agreed that, at the forthcoming meeting of the Defence Committee of the North Atlantic Treaty Organization in Washington, the Canadian representative should support the policy of establishing and arming units of Western Germans under the command of the occupying forces, without actively pressing it.

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[73] Voir le document 829./See Document 829.

N.A.T.O.; RECOMMENDATION ON COMPULSORY MILITARY TRAINING

26. *The Minister of National Defence* reported that the Chairman, Chiefs of Staff Committee, the Canadian representative to the Military Committee of the North Atlantic Treaty Organization at present meeting in Washington, had informed him that a paper prepared by the Standing Group had been circulated to the Military Committee, in the form of a recommendation from that Committee to the Defence Committee, that all N.A.T.O. governments should require at least eighteen months compulsory military service. It did not appear that the resolution was directed at Canada, the only N.A.T.O. country except Iceland without some form of compulsory military training. The purpose rather seemed to be to increase the period to eighteen months in countries where it was less. From a military point of view, it was considered that it would be unsatisfactory and inefficient if the troops of some countries contributing to the integrated force were enlisted for a shorter period than this.

General Foulkes had made it clear that such a recommendation involved Government policy and was quite beyond the terms of reference of the Canadian Chiefs of Staff. The recommendation had been passed to the Defence Committee, with Norway, Iceland and Canada reserving their positions. It was being considered that day by the Defence Deputies and the Deputy Minister of National Defence, our representative, had been instructed that he should take the strongest possible exception to it, pointing out that the question of how troops were enlisted in Canada was a purely domestic one and that the Canadian Government would be quite unprepared to accept any direction from N.A.T.O. in a matter which it considered came solely within its own competence. It had been suggested to Mr. Drury that he ask the Canadian Ambassador in Washington to put this point of view to the U.S. Secretary of State.

Mr. Drury, General Foulkes and Mr. Wrong had discussed the question and suggested that Canada might:

(i) take the view that it was purely a military recommendation and consequently only applicable to those countries which had conscription;

(ii) seek to have the recommendation amended so that it was formally made applicable only to those countries with conscription in force; and

(iii) oppose the recommendation as an unjustifiable and unwarranted interference in domestic affairs.

27. *The Prime Minister* said that there could be no question of having N.A.T.O. determine the domestic policy of Canada. While the appropriate military authorities of the latter body were concerned with the size and effectiveness of the forces raised by member nations, recruiting policy was solely a concern of individual governments. Effective participation in an international organization might involve giving up some of our sovereignty but it was for each government to decide what powers would be abandoned.

28. *Mr. St-Laurent* suggested that as the period of enlistment of troops making up the national components of the integrated force was a question of concern to the military authorities, and as the method of enlistment was of no concern to them

whatsoever, we might seek to have the resolution amended so that it would set out a minimum term of service without specifying the method of enlistment.

. . .

29. *The Cabinet*, after further discussion, agreed:

(a) that the Canadian representative at the North Atlantic Treaty Organization meetings taking place in Washington point out that the Canadian Government considered the proposed recommendation of the Military Committee on compulsory military training to affect purely domestic policy in each country, quite beyond the competence of the military authorities; and,

(b) that an amendment be sought to the recommendation so that it would set out a minimum term of service without specifying the method of enlistment.

. . .

577. DEA/50030-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2733 Washington, October 28, 1950

TOP SECRET. IMMEDIATE.

Following from Heeney, Begins: My immediately preceding teletype† re North Atlantic Defence Committee.

1. Standing Group Paper on Mobilization and Training. As I reported yesterday in our message WA-2713;† we made a point of telling all N.A.T. delegations the importance the Canadian Government attached to the amendment which we had circulated yesterday, to enable us to support Document MC-24 (now renumbered as DC-25), extracts of which were sent to you in our message WA-2683 of October 25th.†

2. The results of our work yesterday were immediately apparent today. Mr. Claxton observed in presenting his amendment that the preparation of the paper had not taken into account the situation in all North Atlantic countries. Shinwell supported the amendment but suggested, not too helpfully, that in place of the words we wished added to the first sentence of paragraph 6 of the paper, the words "in conformity with national requirements" should be substituted. Mr. Claxton agreed to add these words to our amendment which was then unanimously carried. The text of DC-25 has therefore been amended by adding the words "or an adequate organized volunteer reserve in conformity with national requirements" to the first sentence of paragraph 6 and the word "concerned" after the word "nation" in paragraph 17B.

3. In further discussion of the paper, reservations of one kind or another were made by the Norwegian, French, Italian and Danish representatives. This led to a rather spirited and unnecessary exchange between Moch and Shinwell in which

Shinwell said that he did not think that the French were doing enough in extending their military service from twelve to fifteen months. Moch had explained that the French law now permitted a period of service of eighteen months, but they did not have the equipment for more than fifteen months' service at present. Moch replied that as there were many fewer exemptions in each class called up under the French system, they were in fact doing proportionately more than the British with their twenty-four month period of service; in any case, they could not do better than they were while 30 percent to 40 percent of their effectives were fighting in Indo-China.

4. Iceland also entered a formal reservation as she has no defence forces.

5. The medium-term defence plan was the next subject discussed and will be reported in my immediately following message. Ends.

578. DEA/50030-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2734 Washington, October 28, 1950

TOP SECRET. IMPORTANT.

Following from Heeney, Begins: My immediately preceding teletype WA-2733 re North Atlantic Defence Committee.

MEDIUM-TERM DEFENCE PLAN

1. The Belgian Defence Minister, Colonel [E.V.G.] de Greef, said he did not see why the force, which the Standing Group were asking Belgium to provide, should be proportionately larger than those which, for example, the Netherlands and the United Kingdom were being asked to provide. Under the present table of force, Belgium would be the N.A. country which would have to resort to a two-year period of military service to meet its contribution. He thought the Standing Group should reconsider the figures, and that the load should be more equitably shared.

2. Hansen[74] expressed dissatisfaction with the lack of United States and United Kingdom support for the northern European region, and said flatly that Denmark could not defend itself (now or in 1954) unless there were *immediate* help within the first few days of an attack. The so-called "forward strategy" to be adopted under the medium-term plan for moving the line further east in Germany would help Denmark, but would not be a substitute for assistance from United Kingdom and United States troops.

3. Shinwell then made a long statement in which he pointed out a number of the shortcomings of the medium-term plan, such as the lack of specific information as

[74] Rasmus Hansen, ministre de la Défense du Danemark.
Rasmus Hansen, Minister of Defence of Denmark.

to how much it would cost, collectively and individually by countries. He said the United Kingdom had been trying to settle their three-year build-up programme based on the medium-term plan which would cost £3,600 million. He added that in his opinion the financial factor, on which the execution of such a large programme was dependent should not be permitted to prevent countries from making their appropriate contribution. Nevertheless he approved the plan.

4. General Marshall then spoke in support of the plan, recognizing its deficiencies but pointing out that the recommendation was that the national contribution figures be accepted "as initial national targets" and the Standing Group be asked for recommendations as to how to fill the gaps between what regions considered necessary for their defence and what countries were being asked provisionally to contribute. At General Marshall's suggestion, it was agreed that the Standing Group would take the Supreme Commander's recommendations into account in this regard.

5. Mr. Claxton pointed out that the Canadian Government had not seen the medium term plan in its present form as it had been received only on Monday and approved by the Military Committee only yesterday. The reservation which our representative in the Military Committee had made on the air contribution suggested for Canada — some 11 squadrons (total 203 aircraft) — had been necessary because we did not yet know what the requirements of the Canada-United States region would be, as this part of the plan had not been completed.[75] He said that the Canadian Government would give every possible consideration to the plan and the recommendations as to contributions of forces but that it would, in future, help consideration by Governments if plans and suggested contributions of member Governments were discussed with accredited representatives in advance. Mr. Claxton then said he approved the plan as Defence Minister but could not do so on behalf of his Government until his colleagues had had a chance to see and consider it.

6. The plan (DC-28)† was then approved and will go to the Deputies as the basis for production planning in the Military Production and Supply Board.

7. Later in the proceedings Moch referred to the 1/3 of a division which is the contribution suggested by Canada to the western European region by 1954. He made a passing reference to the possibility of Canada doing more. However, from our discussions with other delegations there is no disposition to regard the 1/3 of a division as an inadequate contribution for Canada to make to the integrated force next year. We may, however, be asked by the Standing Group whether our contribution in 1954 especially at D plus 30 and D plus 90, might not be increased.

8. The next item dealt with the costing of the plan — an operation which has not yet been completed. Moch doubted the value of statistical comparisons, introducing somewhat artificial variables in rates of exchange, costs of equipment and materials, and rates of pay. Marshall admitted that the comparison could not be precise

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[75] Le Plan de défense à moyen terme prévoyait que le Canada déploierait un tiers de division en Europe occidentale d'ici 1954 et fournirait 203 aéronefs.
Under the Medium Term Plan, Canada was expected to have one-third of a division in Western Europe by 1954 and to contribute a total of 203 aircraft.

but said that there seemed to be no better basis. In answer to a question by Mr. Claxton, General Marshall said frankly, that he did not know what use would be made of the figures when arrived at; they had been asked for by the DFEC and he did not know what that was! The report (DC-27)† was approved.

9. The question of German participation in western defence will be the subject of my immediately following message. Ends.

579. DEA/50030-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2735 Washington, October 28, 1950

TOP SECRET. IMPORTANT.

Following from Heeney, Begins: My immediately preceding message re North Atlantic Defence Committee.

1. Moch made the opening statement in the discussion of the participation of German units in Western defence. Although he spoke at some length, he did not add very much to Pleven's statement in the French Assembly, the text of which we sent you with our message of October 27th.[76] The chief thing he stressed throughout was that the proposals of the French Government were *the only ones* that in their view would provide effective safeguards for German participation and in any case were the only ones that the French Government and public would accept. He

[76] Voir *Documents on International Affairs, 1949-1950*, Londres : Royal Institute of International Affairs, Oxford University Press, 1953, pp. 339-344. Lors d'une allocution devant l'Assemblée nationale, le 24 octobre 1950, le premier ministre René Pleven a proposé la création d'une armée européenne liée aux institutions politiques d'une Europe unifiée. Composée de contingents nationaux intégrés dans une unité de la plus petite taille possible, cette armée européenne serait dirigée par un ministre de la Défense supranational, lui-même responsable devant un conseil des ministres qui rendrait compte à une éventuelle Assemblée européenne. La France, a déclaré M. Pleven, avait l'intention d'inviter la Grande-Bretagne et les nations libres de l'Europe continentale à améliorer ces principes généraux dès que serait terminé le plan proposé par le ministre des Affaires étrangères de France, Robert Schuman, pour intégrer au sein d'un même organisme la production du charbon et de l'acier en Europe.
See *Documents on International Affairs, 1949-1950*, London: Royal Institute of International Affairs-Oxford University Press, 1953, pp. 339-344. In a statement delivered to the National Assembly on October 24, 1950, Prime Minister René Pleven proposed creating a European Army that would be "linked to the political institutions of a unified Europe". Composed of national contingents which would be integrated at the smallest possible unit, the proposed European Army would be headed by a supra-national Minister of Defence, who would be directed by a council of ministers and who would be responsible to some kind of European Assembly. France, Pleven stated, intended to invite Great Britain and the "free nations of continental Europe" to perfect these general principles as soon as the plan proposed by the French Foreign Minister, Robert Schuman, for the integration of European coal and steel production under a single authority had been concluded.

appeared to leave no room for compromise of any kind. He did, however, clarify one or two points that may have been misrepresented in the press.

(a) The French proposals were not, he said, an elaborate device for introducing delay. He believed they would provide a quicker means of bringing Germans into units for the defence of the West than the American plan, which would postpone their incorporation in an integrated force until they had been built up to divisional level.

(b) He challenged the contention that the defence effort of France had been lagging and said that since Korea it compared with those of other countries.

(c) The French plan was a step towards European union but was not, for that reason, a step away from the North Atlantic framework. The European army which was proposed would be placed at the disposal of the North Atlantic Supreme Commander and the European Defence Minister would deal with the Supreme Commander in the same manner as the Defence Ministers of NATO countries outside Europe.

(d) The French were not trying to discriminate permanently against the Germans. Although it might be justifiable to do so, their plan in fact provided an effective means of including German units for the common defence of Western Europe.

2. Without directly attacking the United States proposal Moch said that it was completely impossible for his Government to agree to the creation of German divisions and a German federal agency which would camouflage the resurgence of a German army and general staff. In fact, he argued that the French Government were making a great effort to go in their own way along the lines proposed by the United States Government in September. Whether in the long term or in the short term, he believed that the only way to deal with the German problem was to integrate Germany into a larger European whole. In the creation of a European army, the integration should be at the unit level. (From the United States delegation we learned informally that Moch had told Acheson a battalion was the largest German unit he could contemplate).

3. He then repeated the economic conditions, laid down in Pleven's statement, which must be met before the military question is tackled. He said that this need not introduce long delays. The French were not proposing to wait for the ratification but only for the signature of the Schuman plan. They were prepared to call a conference in Paris eight days after its signature in order to discuss the establishment of a European army and the political structure to which the European Defence Minister would be responsible. To this conference Germans would be invited, like the representatives of other countries, thus avoiding the bargaining that would be inevitable if we were to proceed along the lines suggested in the Acheson plan. The Paris conference might lead to the establishment of a mixed political-military commission to study the execution of the plan once the principles had been agreed.

4. Leaving technical questions aside, he thought that a European army might start on a small experimental scale of 100,000 men with a fixed percentage of Germans in it and be increased as the experience proved satisfactory.

5. No changes in NATO were contemplated.

6. The European army might, he concluded, eventually lead to a United Nations force.

7. It might have been better if the discussion had been terminated at that point but it was allowed to proceed.

8. The Danish and Portuguese representatives both spoke against the French plan and in favour of the more immediately practicable United States proposals. This was followed by a series of categorical questions from Shinwell which provoked very uncompromising answers from Moch. Moch said the French Government could only accept the creation of German military units on condition that they were small and integrated into European divisions; that he did not care whether German units were raised by compulsory or voluntary systems; and that in no circumstances could the French Government approve either the American plan or any interim measures implementing the first stages of the American plan while the French proposals were being studied.

9. Before the meeting ended, Moch made a final plea for the most earnest consideration of his proposals over the weekend. He said we faced a crisis in NATO which could lead to a crisis in the domestic affairs of member countries and he charged us both to ponder the issues and to be discreet in our dealings with the press.

10. General Marshall will make a statement on Monday, probably after allowing other European delegations to speak first. The Dutch are known to be strongly opposed to the French proposals which will probably not receive much support, if any.

11. While the official United States line is to avoid any appearance of brushing off the French proposals, in private the United States delegation make no secret of their annoyance. Rightly or wrongly, they regard the French proposals as nothing more than an elaborate pose to enable Moch to say no to their project. So far as we can find out, they have not decided what they will do, but the fat is clearly in the fire and the debate so far has only served to spread more combustibles. Ends.

580. DEA/50154-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-2111 Ottawa, October 28, 1950

SECRET. IMMEDIATE.

Following for Heeney from Reid, Begins: Following are our tentative views on the French proposals. They may be too late for discussion in the Defence Committee, but since the question is unlikely to be settled immediately and since there may well be off the record discussions on the subject, I thought it worthwhile to forward these views.

2. We were interested in WA-2699 of October 26,† giving Acheson's and the State Department's initial comments on the French proposals for utilizing German potential in manpower and materials for the defence of Western Europe. Outright rejection of these proposals could have had serious repercussions in France and also an unfortunate effect on North Atlantic cooperation.

3. We have very little information about the French plan and closer scrutiny may well lead to the conclusion that the proposal to create a Western European army at this stage is impracticable. Nevertheless, since the plan as a whole is founded on the principle of the political and economic integration of Western Europe, which the Minister endorsed in his speech in Parliament on August 29, it would seem illogical to reject it without the most careful consideration.

4. The French are obviously endeavouring to seek a solution to the German problem which would ensure them against a possible eventual withdrawal of United States forces from Europe, whereas the United States proposal for German participation in the defence of Western Europe seems to have been drafted with a view to creating sufficient armed strength to meet the present Soviet threat. The two approaches, although requiring different timing, are not necessarily incompatible. The safeguards proposed by the United States to prevent the revival of German militarism have appeared to us as being superficial and inadequate for a long-term solution of the German problem. Those safeguards can hardly be expected to survive the establishment of an independent Western German Government fully cooperating with other Western Powers. It seems to us that the economic aspects of the Pleven Plan might furnish the main missing component as a principal safeguard against any revival of German militarism.

5. If our reports are correct, however, the enthusiasm of the Germans for participation in the Schuman Plan has waned as United States pressure for German rearmament has increased, since they are acquiring new confidence that they can obtain the economic and political advantages and position they desire in exchange for their contribution to the defence of Western Europe. The timing of any decision to authorize the creation of German armed forces is, therefore, of decisive importance in determining the success or failure of the Schuman Plan. Assuming that this Plan can, in fact, be realized in a comparatively short time, as the French Ambassador in Washington claims, although we are not in a position to share his optimism, it might be worthwhile avoiding any step which would improve the German bargaining position still further at this stage. We should, accordingly, be reluctant to see the United States proposals adopted prematurely. A postponement of a few weeks is unlikely to affect overall defence planning since NATO countries have no equipment to give the Germans at the present time, nor are likely to have for another year.

6. We are in no position to comment on the other aspects of the Pleven Plan, particularly since it suffers from ambiguity and vagueness; at first sight the setting up of a Western European army under supra-national authority would appear to be unrealistic under present conditions. The main point is, however, that the French now seem to be reconciled to some form of German rearmament. An immediate decision one way or another need not affect planning for armament production. To

force the issue under such circumstances might not be politically wise, particularly since the decision taken might well lead to the establishment of a new equilibrium on the European continent giving Western Germany much more power than might be healthy. Ends.

581. DEA/50030-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2746 Washington, October 30, 1950

TOP SECRET. IMPORTANT.

Repeat Candel New York No. CA-29.
Following from Heeney, Begins: My messages WA-2732†, 2733, 2734, 2735 of October 28th and 29th re North Atlantic Defence Committee.

2. The discussion of German participation in the defence of the West began this morning in a much better atmosphere than it had ended on Saturday, though no real progress was made. There had been a good many private consultations over the weekend among delegations as a result of which it was hoped that it might be possible to work out some sort of compromise, provided the French were willing to countenance immediate practical military steps that should be taken while final agreement was being worked out on political ends and the Americans were prepared to have such steps taken in spite of the conditions of the Pleven Plan.

3. *De Greef* opened the morning's discussion with a helpful statement in which he observed that there now appeared to be unanimity, which had not existed in New York, as to the necessity of including German units, in some way or other, in the defence of the West, and in doing so as soon as possible. The two proposals as to how it should be done that were now before us, the United States and the French, were both worth studying but were both subject to some criticism.

4. In the first place, the United States plan involved serious risks. It meant arming the only one of the Western countries which could provoke the Soviet Union at a time when "we have not ten effective divisions in the West". Some of the United States safeguards, such as the provision that a civilian should head the federal agency and that most of the officers of German units should be recruited from outside the old officer class, were probably impracticable.

5. On the other hand, the French proposals had been presented in such an extreme form that there was hardly time to reach an agreement on ends before some action had to be taken on means. Considering the experimental first stage of the French plan, however, it was not perhaps so revolutionary or so far distant from the United States proposals as we had at first thought. He therefore proposed that a mixed Political-Military Commission should be created to try to harmonize the two proposals, especially by looking at the time-phases of their implementation. He sug-

gested that lessons could be learned from both the French Foreign Legion, and the United Nations forces in Korea whose Commander, incidentally, had accepted units of battalion strength. In the formation of a European Legion, to be paid for by a common European fund, he did not think it was impossible to reach a compromise between the participation of German units on a divisional level and their participation on a much lower level.

6. The Netherlands Defence Minister, [Hendrick L.] 'S Jacob, took a more direct line in opposition to the French plan. He reminded the Ministers that although eleven delegations at the Council in September had been in agreement as to what positive steps should be taken, all that had been decided was negative — no German army and no German General Staff. Something more positive was to be moved to the Elbe. He, therefore, fully supported the general aim of the United States proposal. He welcomed the conclusion of the French that German participation was necessary, but said that the form of their rejoinder threatened the objectives it was intended to promote and contained much that was unacceptable on military grounds. He concluded: "I cannot believe that the French will force a stalemate".

7. *Pacciardi*[77] (Italy) then pleaded for compromise solutions acceptable to all, saying that it was inconceivable that we should have Germany on our side but not France. He begged the French to at least accept the United States paper as a basis for discussion, bearing in mind that United States troops would not be sent to Europe unless measures for German participation were agreed. Such a revolutionary turn in United States policy as a proposal to send United States forces to Europe in peacetime should not be repulsed. The difficulty with the French plan, as he saw it, was that it could not be implemented quickly as constitutional changes would be necessary in all countries, including France, and we could not afford the luxury of delay because of our present danger.

8. *Hauge*[78] then made a very sensible statement expressing understanding of Moch's position and sharing both the emotional prejudices and rational fears of Europeans faced with the problem of German re-armament. Like the Danes, he said, the Norwegians were, however, in agreement that we could not afford to abstain from a German contribution in combat units and production. Without it there would be no integrated force, and without an integrated force, no "forward strategy". We were on the threshold of a great idea proposed by the United States government. We could not afford to "keep the Germans in the long run but must let them work their passage". Their contribution, however, must be a real one making military sense. We should not reap all the disadvantages of German participation (in our countries, in Germany and behind the Iron Curtain) without getting an effective contribution from them. The Council had asked the Defence Committee how this could be done and we must answer, dealing primarily with the military aspects.

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[77] Randolfo Pacciardi, ministre de la Défense de l'Italie.
Randolfo Pacciardi, Minister of Defence of Italy.

[78] Jens C. Hauge, ministre de la Défense de la Norvège.
Jens C. Hauge, Minister of Defence of Norway.

9. The United States had proposed balanced ground divisions as the basic unit of an integrated force. He could accept that but wondered if a compromise might not be reached on brigades or regimental combat teams integrated into "Atlantic divisions". He also thought there was room for compromise on the administrative, recruiting and training proposals put forward by both sides.

10. The Defence Committee, he said, could not plead bankruptcy on such an issue. We clearly had to have more time to work out a compromise, and he suggested the same expedient as at New York — that the Ministers should adjourn for a few days and leave the discussion to the deputies.

11. *Le Gallais*[79] for Luxembourg made the only statement of the morning in general support of the French position. Although his Government had not yet studied all the implications of the French plan, and although it would "change the political face of Europe", he thought that further study of the plan was worth the delay it might cause in order to secure the unity of all countries and peoples concerned. He remarked that the changes in Europe in the last 85 years, when compared to what had been happening in the United States in the same period, led to the conclusion that it might not be unreasonable for Europe to federate.

12. At this point Mr. Claxton made a statement which will be reported in my immediately following message. Ends.

582. DEA/50030-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2747 Washington, October 30, 1950

TOP SECRET. IMPORTANT.

Repeat Candel New York No. CA-30.
Following from Heeney, Begins: My immediately preceding message re North Atlantic Defence Committee.

MR. CLAXTON'S STATEMENT ON GERMAN PARTICIPATION

2. While we were not a European country, Mr. Claxton said, Canada had a profound interest in the subject under discussion, both as a North Atlantic country and as a people whose 100,000 war graves in Europe testified to our interest in peace. Our ties of blood with France and our actions in their defence and liberation in two wars made it clear that we fully appreciated the sincerity of their point of view. The French proposals were indeed revolutionary; but so were those of the United States which had never before contemplated sending troops to Europe in

[79] Hughes Le Gallais, ministre du Luxembourg aux États-Unis; accrédité en même temps au Canada.
Hugues Le Gallais, Minister of Luxembourg in United States; accredited simultaneously to Canada.

peacetime. If the United States were to take part in an integrated force in Europe, Canadians would too, subject to parliamentary approval as required by our law.

3. As regards the political difficulties of the French plan, we would do everything possible to be of assistance but did not feel it proper to discuss the issue in detail. As regards the military difficulties, however, we did feel it would delay matters. It would mean creating a European army in which Germans would be second-class soldiers which would not encourage them to cooperate as they must to make the endeavour worthwhile. Also, there might be difficulties in working out a satisfactory relationship between the European army and Canadian and United States forces serving separately under the Supreme Commander. These difficulties might tend to make the force less effective than that which we know the Communists have today.

4. While we have made astonishing progress, we cannot believe, Mr. Claxton said, that our choice today was between the French plan and doing nothing. We must get on with the rest of the job without delay. This was primarily a task for the Defence Committee but if it could not agree, he suggested either a mixed commission as proposed by the Belgian Minister or that the Deputies in London, assisted by military advisers, should see what could be worked out before a further meeting of the Council. He added, *inter alia*, that the difficulty of the discussion of this subject in New York and Washington pointed to the desirability of having a *Council of Governments* rather than separate Committees of Foreign and Defence Ministers.

5. After a few preliminary expressions of sympathy for the French, Shinwell then returned to the charge against his fellow socialist with a series of questions, which he dignified by the name of the "Socratic method", but which were rather rhetorical. In view of the need to build up our strength in 1951, he asked:

(a) Do we consider we need German participation now, or are we going to allow the Germans to sit on their "backsides", defended by the allies?

(b) Why should we accept the French plan, with all its attendant political difficulties, when all we are going to get out of it is a sort of "European Foreign Legion" which no military man would regard as satisfactory?

(c) Why should the European army be tied to a European assembly which is at present no more than a highly controversial and theoretical experiment?

(d) Are we going to turn down the United States offer of manpower which may mean the avoidance of a major conflict?

(e) Would a European army, lacking support from the United Kingdom and probably from the United States, strike much fear into the heart of the Russians?

6. While both the United States and the French plans demand study, the United States plan demanded *prolonged* study. We might find, he said, that we would be left in the end "in an academic quagmire while the Soviet gloats over our complete defeat". Calling on the French to accept the United States plan in principle, he said that we must all, including the French, be prepared to take political risks to achieve our goal.

7. Marshall concluded the morning's session with a simple statement that the United States Government and people were aware of the hazards of re-arming Germany and that these hazards bore more directly on the European people than themselves. The United States had assumed that there would be other plans. So far there were only two. The United States plan might not be the answer but what they wanted was a "realistic military plan" that would give "solid assurance of a possible successful action in the near future and probably success at a later date". Any plan would have to consider timing, national psychology, and economics, but first of all it must be realistic from a military point of view.

8. The Defence Ministers then adjourned to go to the White House before lunch. The morning's discussion had not advanced agreement but had rather hardened the French position. Clearly we are not going to reach agreement on Germany today. Ends.

583. DEA/50030-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2751 Washington, October 31, 1950

TOP SECRET. IMPORTANT.

Repeat Candel New York No. 31.

Following from Heeney, Begins: My messages WA-2746 and WA-2747 of October 30th. Re North Atlantic Defence Committee.

1. After lunch yesterday, Moch made another of his admirably concise and clear expositions of the French view that the question of German re-armament should be regarded as predominantly a political problem, and not as General Marshall had suggested, one that could readily and usefully be separated into military and political aspects. Moch re-affirmed that his Government could not agree to take action in the military field until the overriding political questions had been settled. The guiding preoccupation of the French Government and others, he said, was that European power should be brought to its maximum without taking any actions which would weaken the power of the European countries by leading to internal disorders.

2. Moch then said he thought he could stretch his Government's instructions to associate himself with the Belgian proposal that there should be a mixed political-military commission. He said his Government was ready to discuss in such a commission the details of their plan, but, if the principle of their plan was turned down, the position of their Government would revert to that expressed in the formula adopted by the North Atlantic Council (i.e. use of German labour and some productive resources, but opposed to arming Germans).

3. He pointed out that the French text of the New York Resolution (C-5D/11) contained no allusion to an integrated force in the paragraph dealing with the

request from the Council to the Defence Committee as to how, from the technical point of view, Germany could make its most effective contribution to western defence. His statement implied that the mixed commission proposed by the Belgians would study only the French plan, and opposed the suggestion of the Netherlands and Italian representatives of taking the United States paper as a basis for discussion — an action which he said would certainly cause a French Government crisis.

4. As regards the fear that the French plan would cause delays, he said that he did not think any constitutional revision would be required, certainly not in France, to take the first steps towards the creation of a European army. There was nothing in their plan which would cause any delay in implementing North Atlantic plans, he assured Mr. Claxton.

5. He then said (in order to correct assumptions of previous speakers) that the French Government had *not* agreed to re-arming Germans, *except* with the substantial safeguards provided in their plan. In order to go that far, they had made an "effort of conciliation which has cost us dearly". They hoped their proposal was a step towards rallying the peoples of Europe to an effort to build up their collective strength with the participation of Germans.

6. He then disposed of Shinwell's questions (my message WA-2747) by saying that the debate was too serious for such sarcastic remarks, and concluded by expressing his confidence that the United States would not try to impose its will on its free allies of Western Europe by any kind of threat, for they too wanted the most rapid and realistic solution acceptable to all peoples.

7. The rest of the afternoon was taken up with a rather useless debate on procedure in the worst U.N. manner that General Marshall as Chairman made no attempt to control. The Belgian representative put his suggestion of the morning (WA-2746) in the form of a draft resolution which requested the Deputies, with military advisors, to examine the proposals that had been made within the framework of the Council decision in New York, and report to a joint session of the Council composed of Foreign Ministers aided by Defence Ministers.

8. This resolution was amended by the Italian and French representatives, but was finally (in a dubious ruling of the Chair, probably based on a misunderstanding) considered as not carried on the grounds that it had not received unanimous support.

9. In fact, the only contending resolution, proposed by the Norwegian and supported by the United Kingdom and Danish representatives, had by that time been more or less tacitly withdrawn. It had proposed as an alternative that the Defence Committee should not accept defeat so easily, but should turn the question over to their deputies and military advisors and resume, possibly on Friday, November 3rd, after the tour of defence establishments that was scheduled to begin on October 31st.

10. In the debate on procedure, Shinwell led the attempt to have the question kept in the Defence Committee, while Moch agreed with some success that as it could not be divorced from its political context it should go to the Deputies.

11. Mr. Claxton contented himself with saying that, as we were not going to find a solution immediately, the problem would have to be referred to some other group; it did not much matter which, provided they had the advice of the Military Committee; a decision as to which body should receive their report could be taken later. He added that the whole discussion powerfully supports the Canadian suggestion that the top structure of NATO must be simplified by creating a council of Governments in place of the present three Committees of Ministers, so as to avoid passing problems from one body to another, as was being proposed.

12. After General Marshall's sudden ruling that the Belgian resolution had been defeated because it was not unanimously supported, he got quick assent for a United States resolution referring both the French and United States proposals on German re-armament, along with any other proposals on the same subject that might be made, to the Deputies and the Military Committee which would meet at first separately and then jointly, and would report to the Defence Committee. We think this decision is unfortunate and believe that most of the countries represented would have much preferred a joint session of the Council and Defence Committee, but after three hours of argument, no one questioned the Chairman's ruling and the United States proposal.

13. From our talks with members of the United States delegation, including Colonel Beebe, General Marshall's Staff Officer, it is clear that General Marshall and his military advisors believe that it is possible to separate military from the political aspects of the German problem.

14. The Committee adjourned at 6 p.m. after agreeing to meet this morning and to postpone today's programme of visits to United States establishments until Friday, November 3rd. It is hoped that we shall complete our agenda this morning. Ends.

584. DEA/50030-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2767 Washington, November 1, 1950

TOP SECRET

Repeat Candel New York No. 34.
Following from Heeney, Begins: Re my messages WA-2764† and previous messages.

RE NORTH ATLANTIC DEFENCE COMMITTEE

1. Yesterday's concluding meetings settled nothing of importance and all that was discussed was how we could, with the least public embarrassment, agree to disa-

gree for the time being and reassemble as soon as we had some prospect of reaching agreement on the German question.

2. As reported in my message WA-2751, we agreed on October 30th to refer the German question to the Deputies and the Military Committee. Yesterday morning General Marshall introduced a formal resolution on this subject which was approved. The text of this resolution was reported in my message WA-2764. General Marshall then turned to Items 7 and 8, dealing with the re-organization of the military side of NATO, the establishment of an integrated force in Western Europe, and the appointment of a Supreme Commander. He said flatly that in the opinion of the United States Government it was not possible to reach final decisions on the above questions until we had reached agreement as to how Germans should participate in western defence. He, therefore, suggested that both papers on this subject (DC. 24 and 24/1)† should be referred back to the Military Committee with or without further discussion in the Defence Committee.

3. Shinwell's immediate reaction to this grave announcement was that our peoples would be "grievously disappointed" if the Defence Committee were to leave Washington without achieving some measure of success.

4. Moch then made a rather artificially disingenuous statement. He said that the United States offer of troops for Europe and the appointment of a Supreme Commander had specifically not been linked, during all previous discussions of the subject, with the question of German participation. Whether or not other countries changed their positions on building up strength in Europe, however, the French Government had authorized him to say that they would nevertheless go ahead as planned in the creation of a French army of 20 divisions as long as it was materially possible for them to proceed.

5. Pacciardi spoke of the gravity of the situation with which the European countries were now faced and thought that any further discussion of the organization of an integrated force would be bound to be theoretical.

6. After interval for private consultations, there was considerable discussion as to whether it was better to recess for two or three days or adjourn until there was some prospect of reaching agreement. The latter course prevailed after Moch had made it quite clear that he could not get his instructions changed this week. The French position was attacked with some heat by Hansen (Denmark) and with more moderation by Hauge (Norway) on the general grounds that the inflexibility of the French position had not only made agreement impossible at this meeting, but had forced the United States to withhold troops vital to the security of Western Europe. 'S Jacob (Netherlands) also spoke against the French plan but agreed that without more time nothing further could be done. After further discussion it was agreed that the chair would decide on the date of the next meeting, which would probably be held in London. Mr. Claxton emphasized the need for haste if our peoples were not to lose the sense of urgency in strengthening our defences with which they had been seized since the Korean crisis. He referred, in passing, to the expanded Canadian defence programme and the Canadian mutual aid programme, and reminded the Ministers that Congress would be meeting shortly so that it was particularly

important not to lose the momentum which United States public opinion had achieved during the last few months.

7. The remainder of the day was spent in drafting the final communiqué and in clearing away the remaining items on the agenda. The text of the communiqué has been sent to you in message WA-2763.†

8. The final papers before the Ministers were noted without much discussion. These included papers on:

(a) North Atlantic Ocean Command Organization;

(b) Military Standardization Agency (with which Mr. Claxton said that Canada would be happy to cooperate in any capacity, bearing in mind our long experience and considerable capacity in military production and standardization fields);

(c) East-West trade (a United States plea for the denial of strategic materials and equipment to the Soviet bloc);

(d) The association of Greece and Turkey in military planning, as approved by Council in September (there are to be exploratory talks but no Mediterranean Command structure at present);

(e) Chairmanship. It was agreed that as we were only adjourning the present session of the Defence Committee, General Marshall would keep the Chair at the next meeting but that at the next session the Chair would pass to the Belgian representative. General Marshall made it quite clear that he would be happier not to be in the Chair when the United Sates and French proposals were being considered but was prevailed upon to keep it until the end of the present session.

9. As soon as the Defence Committee adjourned, the Military Committee met briefly to discuss procedure. The Deputies are to meet this morning for the same purpose; Spofford hopes they will resume their sessions in London sometime next week. Ends.

585. DEA/50030-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2768 Washington, November 1, 1950

TOP SECRET. IMPORTANT.

Repeat Candel New York No. 35.
Following from Heeney, Begins: My preceding messages re North Atlantic Defence Committee.

2. Now that the Defence Committee has adjourned, I will review briefly my impressions of the meetings.

3. Once again a top North Atlantic body has been faced with major new proposals which, with the best will in the world, could not possibly be dealt with in one

session from a standing start. At New York the Council was faced with the American proposals. Here we have been confronted with the still more far-reaching French plan which the French themselves asked should not be discussed, as it otherwise could have been, in the preparatory group which met for several days before the Defence Ministers arrived.

4. General Marshall and Mr. Acheson decided very sensibly to leave most of the running to the Europeans who were being asked under the French plan to federate. With the exception of Luxembourg, none of the European representatives showed any inclination to do so — at least they did not want to hold up present defence plans during the elaborate process of negotiating a European union. On this point, therefore, the French were virtually isolated and their "take it or leave it" attitude did their cause no good.

5. In the discussion on procedure, however, the French almost succeeded in isolating the United States and the United Kingdom, who kept insisting that the military aspects of the problem could and should be separated from the political. The rest of us did not disagree that the Military Committee should assist in the examination of this problem, but we could not see much point in it coming back to the Defence Committee alone as, at the ministerial level, the decisions are bound to be primarily political. This fact would seem to have implied a joint session of Foreign and Defence Ministers.

6. The United States have chosen to risk the letdown in public opinion to which Mr. Claxton drew attention in order to make the French face up to the consequences of their present policy. General Bradley told the French and ourselves privately that he could not possibly testify to Congress in favour of sending more United States troops to Europe and building up an integrated force unless that force could be made a going concern; and in his opinion that required German participation in a form which they could accept with at least some measure of enthusiasm. As Shinwell pointed out, all the non-Continental Governments would be in the same position of finding it almost impossible to send troops to the defence of Germany while the Germans simply sat back and watched. The question of course remains as to what the Germans themselves would accept. Certainly the longer we wrangle the better will be their bargaining positions.

7. The alternative United States policy, which was privately advocated by some United Kingdom military representatives, would have been to have announced that, in spite of the French, the United Kingdom and United States were going to arm the Germans in their zones. In our opinion this would have been fatal; for, if the defence of the West is impossible without Germany, it is equally impossible without France. The United States have chosen to wield their second biggest stick. There is to be no Supreme Commander and no integrated force until the French give some earnest of their willingness to compromise. If and when they do, the United States will probably go a short distance towards meeting them — for example, on the size, of German units. But, the present United States attitude to the French has been considerably hardened by the attitude of the French in blocking further progress by attaching conditions that cannot possibly be accepted at least within the time which may be given the West for building up its defence. As one of

them said, they have been "Moched"! Although Moch presented his case with great clarity, the ill-concealed satisfaction of his stone wall performance has thoroughly annoyed the Americans.

8. It would appear that the lesson we have still to learn is that, in the final analysis, no member of the North Atlantic community, neither France nor the United States, can really afford to call another's bluff. In our present danger we are too inter-dependent; and for that reason a great effort will have to be made in the meetings of the Deputies and the Military Committee that are to follow during the next two weeks or so before the Defence Ministers resume their meeting. Ends.

586. PCO

Extrait du procès-verbal de la réunion du Comité du Cabinet sur la défense

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET [Ottawa], December 1, 1950

Present:

The Prime Minister, (Mr. St-Laurent), in the Chair
The Minister of Trade and Commerce (Mr. Howe)
The Minister of National Defence (Mr. Claxton)
The Minister of Finance (Mr. Abbott)
The Secretary of State for External Affairs (Mr. Pearson)
The Minister of Justice (Mr. Garson)
The Secretary (Mr. Wright)
The Acting Military Secretary (G/C Annis)
The Chief of the General Staff (Lieutenant General Foulkes)
The Chief of the Air Staff (Air Marshal Curtis)
The Chief of the Naval Staff (Vice Admiral Grant)
The Chairman, Defence Research Board (Dr. Solandt)
The Secretary to the Cabinet (Mr. Robertson)
The Under-Secretary of State for External Affairs (Mr. Heeney)
The Deputy Minister of National Defence (Mr. Drury)
The Deputy Minister of Trade and Commerce (Mr. Mackenzie)
The Assistant Deputy Minister of Finance (Mr. Bryce)

I. FORTHCOMING MEETINGS OF MILITARY AND DEFENCE COMMITTEES OF NATO IN LONDON

. . .

(b) *Medium Term Defence Plan*

5. *The Minister of National Defence* drew attention to a document circulated at the meeting which, in tabular form, compared Canadian force capabilities under current authorizations with the force requirements shown in NATO Medium Term Defence Plans (D-Day assumed as July 1, 1954). The reason for bringing this matter before the Committee grew out of a resolution passed by the NATO Council on September 18th, 1950, which read:

> The Council "recommends that Member Governments upon being advised by the Council of the provisions of the revised Medium Term Defence Plan and the respective contributions required thereby, consider as a matter of urgency the acceptance of the Plan and the taking of such measures as may be necessary as rapidly as possible to meet the contributions required of them, on the assumption that the necessary complementary action in the fields of production and finance will be taken to provide the equipment required."

On October 23rd, the Military Committee had approved the NATO Medium Term Defence Plan as submitted by the Standing Group, but in view of the implications of the NATO Council's resolution, General Foulkes had made reservations at that time respecting the force commitments earmarked as Canadian. These reservations were recorded in the column listing forces earmarked against Canada and a footnote inserted stating:

> "as far as Air Force and Navy were concerned: subject to review, confirmation or revision when the Canada-United States plans are available".

These Medium Term Plans had been approved shortly afterwards by the Defence Committee, with the same reservations qualifying the forces earmarked as Canadian contributions.

6. *Mr. Claxton* said that it had been urged that these were simply military plans and could therefore be accepted as such for planning purposes. He took the view, however, that while other countries might be able to accept the scale of forces laid down in the Plan, relying on the United States to make up the differences between their own capabilities and what was called for in the plan, Canada, which expected to implement all its undertakings out of its own resources, could not accept any plan that we could not carry out ourselves. As matters stood now the force tabulations put down for Canada in the Plan, especially for the Air Force, were well beyond Canadian capacity as presently organized for defence purposes.

7. *The Secretary of State for External Affairs* noted that other countries were not unwilling to accept high target figures as a means of increasing their pressure for aid from the United States; moreover, the higher the defence forces planned for other NATO countries the easier it would be for the U.S. Administration to get Congress to approve its defence appropriations.

8. *General Foulkes* noted that the Standing Group and the Military Committee would review, starting about February 1st, 1951, the gap then existing between the total forces called for in the NATO plans and the totals of national acceptances to date, and would make further recommendations on the sizes of contributions by individual nations. The gap was expected to be in the order of 12 or 13 divisions and 3,500 aircraft. He suggested that Canada should state before February 1st the commitment it was willing to accept.

9. *Mr. Claxton* said that the special position in which Canada found itself was not adequately understood or appreciated. The Chief of the General Staff might first discuss the size of the Canadian contribution informally with the Americans, so that we might consider whether we should put forward a letter outlining the forces which the Canadian Government might be willing to furnish.

10. *Mr. Claxton*, turning to the document before the Committee, said that although the Canadian D-Day Army forces capabilities under current authorizations were three air-borne infantry battalion groups (Arctic), 4 composite anti-aircraft batteries and 1/3 of a division, leaving a deficiency as compared with the NATO plans of 18 heavy and 10 light anti-aircraft reserve regiments authorized at present at various strengths and states of training. Equipment was available, and these regiments could be put into shape in about three months after mobilization. If these units were placed on an active force basis they would require about 20,000 men; in all the circumstances, it was considered the risk of not having them fully ready for action at D-Day was justified. There would be no difficulty in meeting the requirement for 1/3 of an infantry division; any increase beyond this strength might put the Canadian contribution out of line with those of the U.S. and the U.K.

(Chart showing Canadian force capabilities under current authorizations compared with force requirements shown in NATO Medium Term Defence Plans, CSC 5027-0-4 (CS), Nov. 30, 1950, was circulated)†

The Canadian capabilities under current authorizations of 1 carrier and 1 cruiser met the NATO force requirements, but the current authorizations of 14 ocean escorts (7 destroyers, 3 destroyer escorts and 4 frigates) were 16 ships short of the 30 called for in the NATO Plans. This number of 30 ocean escorts represented a Canadian proportion of 10% of the total, the U.K. having allotted 35% and the U.S. 45%. These ocean escorts were for convoy duty only. In the circumstances, this 10% share did not seem out of balance. As for the deficiency of 16 ocean escorts, there were 9 ships in reserve and it would require 7 more ships to reach the NATO total. The 16 crews could be found from the Royal Canadian Naval reserve to put the ships in action within three months after D-Day. The Coastal escorts, outer patrol vessels, coastal minesweepers, loop and mine layers, and inner patrol craft were all regarded as being for our own defence. Of the 16 outer patrol vessels (Bangor) and 19 coastal minesweepers called for in NATO plans, the authorized Canadian establishment provided for 3 and 8 respectively, but some of these deficiencies in ships could be met from the ships now laid up at Sorel which could be available for action in about three months after D-Day.

With respect to the Air Force contribution, the Canada-U.S. Regional Group Plan called for 19 interceptor fighter squadrons totalling 475 aircraft, one area Reconnaissance Squadron and two transport squadrons. The North Atlantic Ocean Regional Group Plan was for three maritime squadrons, while the plan for the integrated force required 11 squadrons from Canada. The various plan requirements added up to a total of 12 squadrons in excess of what was currently authorized, or about 500 additional aircraft. To provide these additional aircraft would cost about $250 millions, not including the further monies needed for expanded construction, personnel and operating costs. Such increased expenditures appeared to be out of the question for Canada at this time. The 11 squadrons totalling 203 aircraft had been put down as a Canadian allotment for the NATO integrated force by the Standing Group. He doubted how firm these figures were and mentioned that he had heard that the U.S. had originally put down 2,000 aircraft as its own contribution to the integrated force and then overnight had reduced this to 1,000 aircraft. As for the question of proportion of the Canadian Air Force totals in the overall, it

should be noted that the U.S. were responsible for all the strategic bombing and for most of the air transport forces.

11. *The Chief of the Naval Staff* pointed out that the Canadian 10% applied only to ocean escort forces and did not take account of the North Atlantic Ocean group striking and non-convoy forces which, if added into the overall picture, brought the proportion of the Canadian contribution down to about 4 1/2%.

The ships at Sorel were deteriorating steadily, and the forecast of our ability to have them manned and ready for operations in three months after D-Day assumed that the ships would be put into shape before D-Day. If this were not done it would take up to nine months after D-Day to recondition many of the vessels. It was recommended that some of these ships be taken out of storage at this time. It should also be noted that the NATO requirement of Canada for ships at D-Day plus six months would be heavier than at D-Day.

12. *General Foulkes* said that he had first seen this figure of 11 squadrons and 203 aircraft as the Canadian allotment for the NATO integrated force the night before the Military Committee meetings began in Washington. He had protested at once to General Bradley who had expressed his regret that the Standing Group had inserted definite force allocations for Canada in the Medium Term Plan without first consulting Canadian military authorities. Because we were not in regional groups which had covered this ground in detail, Canada was the only country which had been faced with such a decision on such short notice and without prior consultation; most of the other NATO countries, in particular those associated in the Brussels Pact during the past year or two, had had an opportunity to work out the scale of their defence contributions in considerable detail.

13. *Mr. Pearson* suggested that the insertion of figures against Canada without consultation served to illustrate the necessity for a re-organization of the North Atlantic Treaty Organization.

14. *Mr. Claxton* thought that the Chief of the General Staff should talk this question over with General Bradley pointing out that Canada wanted military plans which she could fulfil. We could not undertake to keep 203 aircraft in Europe as part of the integrated force. The Chief of the General Staff should report back to the Cabinet Defence Committee, and then an official statement of the Canadian position could be conveyed to the Standing Group.

15. *The Prime Minister* pointed out the difficulties of Canada maintaining sufficient air strength to provide protection against attack for this continent and Europe at the same time. It might be possible to move aircraft to meet needs as they developed.

16. *The Chief of the Air Staff* said that three months after D-Day the threat of air attack on North America might be expected to be reduced. It might then be possible to send more aircraft to Europe. On the other hand, Europe could not be held during that period without increases in the air forces there.

17. *Mr. St-Laurent* said that with our tradition it made it exceptionally difficult to bring Canada to the peak of her strength before war. Our people in the past had only achieved their maximum effort under the stress of actual conflict. Our object

however was to help in building up sufficient collective strength to deter an aggressor from starting such a conflict.

18. *Mr. Claxton* suggested that our representatives in the North Atlantic Treaty Organization should make it plain that the commitments of Canada were to be understood as limited to the forces authorized by the government, and say that we could build these forces up after mobilization, using the ships in reserve and also counting in the ten reserve fighter squadrons. Other NATO countries would be deeply concerned if Canada decided not to contribute any squadron to the integrated force as there was an estimated overall deficiency in fighter aircraft of some 3500 planes.

19. *The Secretary to the Cabinet* inquired what proportion of the nine presently authorized fighter squadrons should be retained in Canada and what made available for service with the integrated force.

20. *Mr. Claxton* suggested that three of these squadrons be made available for the integrated force and the six regular plus the ten reserve fighter squadrons held in Canada for the Canada-U.S. Region be made available as the circumstances showed to be desirable.

21. *Mr. Pearson* and *General Foulkes* both supported the idea of making a proportion of the authorized squadrons available in Europe.

22. *Mr. Claxton* said that the (air) defence of Canada was of course closely integrated with the (air) defence of the United States. The United States has assigned 61 squadrons, plus six in Alaska, for continental defence.

23. *Air Marshal Curtis* said that the U.S. National Guard squadrons would also be available for U.S. defence, but plans called for none of these U.S. forces to be based in Canada. The nine regular squadrons authorized for use in Canada was our experts' view of the number necessary to exert a reasonable interference with the scale of raids that could be contemplated, especially in the first thirty days after D-Day.

24. *The Deputy Minister of National Defence* said the forces in Europe were intended to serve as a deterrent to Russia; those in Canada were a provision for our defence.

25. *Mr. Robertson* said the goal of ourselves and our allies in the North Atlantic Treaty Organization was to build forces sufficient to deter Russian aggression before it began. Canadian planning should not therefore be based on assumptions as to what might be made available only after a war was started.

If no sizeable Canadian air contribution to the integrated force was feasible, it was doubtful whether it would be worthwhile trying to maintain 1/3 of a division in Europe as an Army component of the integrated force.

26. *General Foulkes* thought the United States regarded the Canadian 1/3 of a division as a token force and important in that it demonstrated Canadian willingness to participate.

27. *Mr. Robertson* inquired how long it would take to make up the aircraft deficiencies, if this became necessary. A case might be made for limiting our commitments for a time if this enabled us to expand our defence production effectively.

28. *Air Marshal Curtis* estimated that two years would be required for production of aircraft and aircrew training — perhaps eighteen months — but two years was more probable.

The production of CF-100 aircraft might be accelerated to build up the effectiveness of the reserve squadrons, all of which at present had few fighting aircraft. The current CF-100 production programme would not equip these squadrons until 1953-54.

29. *The Minister of Trade and Commerce* said that he believed very little could be done to speed up production of CF-100 aircraft before the summer of 1951.

30. *Air Marshal Curtis* said production of the airframes could be speeded up before the coming summer, but stepping up production of the engines would not be possible before then.

31. *Mr. Claxton* said substantial increases in aircraft production were possible and desirable but they would be very expensive and would require practically a total war economy to sustain them.

32. *Mr. St-Laurent* said the Chief of the Air Staff's recommendation, which might be desirable from the military viewpoint, must also be considered in the light of the burden it would place on the Canadian people, and on their willingness to accept it. The Government could not make commitments at this time for increased production. There had been enormous increases in defence expenditures since before 1939. There had to be progressive realization by the public of the need for increases. The proposals to be made to Parliament at the coming session for defence appropriations of $350 plus $555 millions are likely to be as large as the Government could make in present circumstances. The emphasis was on the deterrent effect of placing forces in Europe. Our hope must be that they would be effective in this role, and to this end we must take a calculated risk in placing some forces in Europe at the expense of forces at home.

33. *The Committee*, after further discussion:

(a) noted the report of the Minister of National Defence on Canadian force capabilities under present authorization as compared with force requirements shown for Canada in the NATO Medium Term Defence Plan;

(b) agreed that the Chief of the General Staff discuss with the U.S. Chiefs of Staff the question of keeping Canadian force requirements under the Medium Term Plan at a level which Canada was capable of implementing from her own resources.

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SECTION C

CONSULTATIONS DES DÉLÉGUÉS AUPRÈS DU CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL DEPUTIES' CONSULTATIONS

587. DEA/50030-A-40

Le chef de la délégation à la Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to General Assembly of United Nations, to Secretary of State for External Affairs

TELEGRAM 289 New York, November 2, 1950

TOP SECRET. IMMEDIATE.

Repeat Washington No. 28.

Following from Heeney, Begins: My immediately preceding message† re North Atlantic Deputies' discussion of German participation.

1. As the Military Committee representatives each have to prepare a paper on German participation within a week, and as we shall also have to prepare instructions for Wilgress by the November 13th meeting of Deputies, I think we should begin now to put some ideas on paper, working within the general policy of the Government to leave the prime initiative on this subject to those countries more directly concerned with German participation than we are.

2. In our judgment, the extremely grave situation we are now faced with can only be resolved if the French Government are prepared to modify their proposals. This almost certainly means modification in substance. If the French can be brought to this course, the United States would, we think, be prepared to compromise on the details of their proposals. The problem is, therefore, how best to move the French.

3. In the first place, we think that both the French and the United States Governments may have an inflated idea of the strength of their respective bargaining positions. The Americans feel that the piper will, in the final analysis, be able to call the tune. The French believe that Western European defence is hopeless without their participation and that the United States will have to come around and produce their reinforcement of Western Europe if the most cooperative French Government possible in present circumstances is to remain in power and France is to produce the twenty divisions she has promised by 1953. Before there can be successful negotiations, both sides will have to realize their interdependence. On the one hand, therefore, it seems to me we should be urging on the French the political, psychological and military risks of delay, and on the other hand, trying to impress the United States with the dangers of any attempt to steamroll the French, which would only get their backs up and strengthen French "neutralism".

4. On points of detail, we must be careful that the Military Committee do not introduce political assumptions for example, as to the size of units that would be politically acceptable to the Germans. (General Bradley said informally that the United States military were not prepared to accept anything less than German divi-

sions because it would be *politically* unacceptable to the Germans — not because it was *militarily* impracticable.) For this reason, I think our military paper should address itself to the problem of the smallest German units that would make sense from a military point of view in the immediate future. I think that General Foulkes mentioned battalions as sufficiently large for training requirements in the early stages.

5. Another line of possible compromise might be developed on the question of a German federal agency for recruiting and training purposes. It does not perhaps matter very much whether this agency is regarded as a section of the German Ministry of Labour, as is apparently proposed by the French, with SHAPE providing as much of the central administration and direction as possible, or is a separate agency as proposed by the United States and perhaps on this point we might meet the French for appearance sake.

6. In attempting to work out some formula that would bring the French along, at least on a short-term basis, perhaps the most fruitful approach would be to try to draw up a timetable showing what steps might be accomplished during the next three months, during the following six months and during the year after that, searching for common elements in both United States and French proposals.

7. These are preliminary and incomplete thoughts on this problem which has now become critical for the whole Atlantic community. When I return to Ottawa we must immediately get at the production of a paper for the Minister and Cabinet. Meantime I would be grateful if urgent consideration could be given in Ottawa and London to how we might help to resolve the present unhappy dilemma.

Please repeat this message to Wilgress and Vanier. Ends.

588. DEA/50154-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en France

Secretary of State for External Affairs to Ambassador in France

TELEGRAM 412 Ottawa, November 6, 1950

SECRET. IMMEDIATE.

Following from Pearson, Begins: You will have received copies of telegrams reporting the difficult and discouraging meeting of the North Atlantic Defence Committee in Washington and the very serious situation which has developed as a result of the French refusal to compromise over the Pleven plan and their insistence that steps leading towards the political integration of Western Europe must precede any measure of German rearmament. I am much disturbed over these developments which, as you will readily appreciate, put in jeopardy the whole concept of the NATO integrated forces in Europe and threatened to arrest the forward movement of NATO plans for the defence of Europe. I feel that there must be a way of reconciling the position of France with that of the majority of her North Atlantic partners

and that in the long run a way will be found. Meanwhile, however, time presses and delay at this juncture presents special dangers and difficulties.

2. M. Moch's personal intransigence at the Washington meeting was very marked and contrasted with the more conciliatory attitude which Mr. Schuman adopted when this subject was under discussion at the meeting of the North Atlantic Council in New York in September. I think therefore that it might serve a useful purpose in view of your excellent personal relations with Mr. Schuman if you were to see him on my behalf and speak to him on the following lines.

(a) You should express my own concern which I am sure he will share at the divergence of views revealed in the Defence Ministers' discussions and you might add that we in Canada, although not directly involved in this divergence of views, are prompted by long-standing ties of blood and friendship with France to appeal to Mr. Schuman to use his wise influence to facilitate a solution.

(b) You should explain to Mr. Schuman that we share French apprehensions regarding the potential dangers involved in any measure of German rearmament. Like the French we approach this problem in a spirit of great caution and with the desire to obtain the maximum safeguards against the resurgence of German militarism. Moreover we also sympathize with the broad lines of French policy which aim at the creation of a political and economic framework on a Western European scale with which Germany should be closely associated. You might remind Mr. Schuman in this connection that I have already publicly expressed my sympathy with the aims of the Schuman plan.

(c) While I think we all share the same long term aims the problem seems to us to be primarily one of timing. It is our belief that on the military level a compromise could and should be worked out at once. Military planning could thereupon go forward as rapidly as possible. We would hope that simultaneously with the advance of military planning other steps could be taken in the direction of building up the European political and economic framework of Western Europe and that cooperation in military planning would itself be a stage in political development. We agree with the French that the military and political elements in the situation are closely inter-related. We fear however that if no progress can be made on the military side until agreement is reached on problems of European integration, this delay may present difficulties and dangers. In this connection you should call Mr. Schuman's attention to the following considerations:

(i) At the present time United States public opinion has taken a great swing forward in accepting the stationing of United States forces in Europe in peacetime and in accepting as a basis for strategic planning the concept that the battle for Europe, if it must come, should be fought as far to the east in Europe as possible. These are ideas which successive French Governments have emphasized from the beginning. The French are indeed on the very brink of gaining the greatest assurance of their own security which they could hope for. Yet this long step forward depends upon the support which the present administration enjoys from American public opinion. We in Canada are naturally particularly close to the mood of public opinion in the United States and we feel that there is a very real danger that if there is delay in implementing these policies opinion

may swing in the opposite direction and that the strong undercurrent of resistance to such essentially unpopular decisions as the extension of the term of military service and the stationing of United States forces in Europe will come to the surface. Indeed the same forces in public opinion manifest themselves in Canada. The United States Government are certainly not bluffing when they say that they could not go to Congress with a proposal to station major United States forces in Germany in peacetime while the Germans themselves were not participating in western defence; and the same considerations apply in Canada.

(ii) We have no doubt that the French are as aware as we are of the danger that a continued cleavage of views over German rearmament will encourage the tendency of the Germans to play off one side against the other and thus to strengthen their bargaining position. This would be a very unhealthy development leading straight in the direction which the French, like ourselves, are so anxious to avoid.

3. You might conclude by assuring Mr. Schuman that I am convinced that we have the same eventual goals in view and that it is our appreciation of the constructive and statesmanlike lead which France is giving in Europe which makes me particularly anxious that this good work should not be jeopardised by divisions among ourselves at a time when a firm and united front is so necessary, not only against Communist aggression but in dealing with the German problem itself.

4. For your own information our delegation to the Defence Ministers meeting came away with the impression, first that the French thought that in any case United States forces would be stationed in Europe in peacetime and that they therefore were in a position to stand on their own plan without risk. Second, that M. Moch was satisfied with the deadlock at the Defence Ministers meeting as it delayed the whole problem of German rearmament. (This, we are sure, is a very shortsighted view.) Third, that M. Moch's personal opposition to any measure of German rearmament made compromise more difficult. In this latter connection I should be glad to have your appreciation of the French domestic political situation insofar as it bears upon this question. We appreciate that the French attitude is largely conditioned by the composition of the present French Government and in particular the position of the French Socialist Party within it. Do you think that Mr. Pleven and Mr. Schuman fully share Mr. Moch's uncompromising attitude?

5. It may be that you will have the opportunity to discuss this question along the above general lines with either M. Pleven or M. Vincent Auriol. I should leave this to your discretion but I should be grateful if you would, as soon as possible, take the matter up with Mr. Schuman.

6. Please repeat your reply to London by telegram. Ends.

589. PCO

Procès-verbal de la réunion du Comité du Cabinet sur la défense

Minutes of Meeting of Cabinet Defence Committee

TOP SECRET [Ottawa], November 15, 1950

A Special meeting of the Cabinet Defence committee with the Minister of National Defence of France was held in the Privy Council Chamber on Tuesday, November 7th, 1950 at 3:30 p.m.

Present:

The Minister of National Defence of France (M. Moch)
The French Ambassador to Canada (M. Guerin)
The Prime Minister (Mr. St-Laurent), in the Chair
The Minister of Trade and Commerce (Mr. Howe)
The Minister of National Defence (Mr. Claxton)
The Minister of Finance (Mr. Abbott)

Also Present:

The Minister of Public Works (Mr. Fournier)
The Minister of Transport (Mr. Chevrier)
The Minister of National Health and Welfare (Mr. Martin)
The Minister of National Revenue (Dr. McCann)
The Leader of the Government in the Senate (Mr. Robertson)
The Postmaster General (Mr. Rinfret)
The Secretary (Mr. Wright)
The Military Secretary (Brigadier Smith)
Mr. Paul Pelletier (Privy Council Office)
The Chief of the General Staff (Lieutenant-General Foulkes)
The Chief of the Air Staff (Air Marshal Curtis)
The Chairman, Defence Research Board (Dr. Solandt)
The Vice-Chief of the Naval Staff (Rear Admiral DeWolf)
The Secretary to the Cabinet (Mr. Robertson)
The Under-Secretary of State for External Affairs (Mr. Heeney)
The Deputy Minister of National Defence (Mr. Drury)
The Assistant Deputy Minister of Finance (Mr. Bryce)

1. *The Prime Minister* welcomed Mr. Moch and introduced him to members of the government and to civil and military officials present.

2. *Mr. Moch* said that he was very grateful for this opportunity to outline the French point of view to members of the Canadian Government. He also expressed gratefulness for the very useful role Mr. Claxton had played during recent meetings of the NATO Defence Committee in Washington. Canada was in a particularly happy position, through her ethnic and other associations with the United Kingdom, the United States and France, to bring about better understanding and co-operation amongst those three countries.

In order to gain a true picture of France's present position, it should be borne in mind that geographically France had been the immediate neighbour of Hitler's Germany and Mussolini's Italy. Furthermore, the French border was only 150 kilometres from the Soviet front line in Germany. The economic and social upheaval caused by the Second World War had played into the hands of the Communists with the result that the French Communist Party had grown considerably immedi-

ately following the cessation of hostilities. Of a total of 600 members of the House of Representatives, 180 were Communists. Despite these and other difficulties, France had embarked resolutely on a programme of economic and social reconstruction with priority to the rehabilitation of production and transportation facilities. At the present time France's total production was 20% higher than during the best pre-war years. The Korean incident and other international developments would now force France to make many sacrifices which, although necessary, might indirectly help the Communist cause within the country.

In so far as the re-armament of Germany was concerned, it was an indisputable fact that this in itself was extremely distasteful to the vast majority of Frenchmen. German participation in the defence of Western Europe was recognized by the French Government as being necessary. However, unless this were done in a very careful manner it was possible that such a move might cause the collapse of the French Government and give to French Communists a golden opportunity to attempt the destruction of France from within. It seemed obvious to the French Government that there would be no purpose in raising sizeable military forces to resist the enemy from without, if, in the process of so doing, the political destinies of the country were handed over to the enemy from within. The United States had proposed that German divisions be raised for incorporation in an international military force for the defence of Western Europe. The U.S. proposal did not involve the setting up of a German military headquarters but did propose that a German ministry of defence be established. To France it seemed inconceivable that any German army could for any length of time remain under civil direction. Inevitably the military would become the real policy makers, particularly since the senior officers in any German military force would of necessity be recruited from the same group which had served under Hitler. For this and many other reasons France had proposed that a European army be established to consist of approximately 100,000 men at the outset, of which 20% would be German troops. No German formation, however, would reach divisional strength. It might be agreed that the largest German unit would be a battalion. This European army would be under the direction of a European minister of defence responsible to the Council of Europe. For military purposes, this army would be under the NATO Supreme Commander together with military elements from non-continental countries such as the United Kingdom, the United States and Canada.

3. *Mr. Moch* was firmly convinced that this plan could be implemented much more rapidly than the U.S. proposal. It involved an extension, on the military level, of the principle embodied in the Schuman Plan, which plan would likely be approved within a matter of days. Shortly after implementation of the Schuman Plan, the various European countries concerned, including Germany, could sit down together on a basis of equality and work out the details to bring about establishment of the European army. It was felt that this army could be organized before the end of 1951 whereas the equipping of German divisions, as contemplated by the United States, could not be completed before 1952 or 1953. Mr. Moch stated repeatedly that the Pleven Plan was not, as had been intimated at Washington, a dilatory scheme prompted primarily by domestic political considerations.

4. In so far as the French increased defence programme was concerned, *Mr. Moch* said that the period of compulsory conscription had been increased from fifteen months to eighteen months and that no exemptions would be granted as had been the case under the old conscription law. The waiving of exemptions alone would permit the raising of three additional divisions. At the present time France had three divisions, 70% complete, stationed in Germany, and two divisions at 50% of their total strength in France. By the end of 1951 there would be a total of 10 French divisions of which 5 would be completely mobilized and stationed in Germany and 5 would remain in France on a semi-mobilized basis. This total would be increased to 15 divisions in 1952 and 20 divisions in 1953. It was stressed that the French proposed to go ahead with this programme whether or not the Pleven Plan or any other plan respecting integrated forces were carried through. In so far as ground troops were concerned, the French government was aiming at providing one French division for each allied division raised. Great strides were now being made in the production of armaments. The French defence budget had been approximately doubled.

5. In conclusion, *Mr. Moch* agreed that active German participation in the defence of Western Europe was necessary but that some means would have to be devised to achieve this desired result without causing the destruction of France from within. Canada was perhaps in a better position than any other country to understand the various and frequently conflicting points of view of the NATO countries, and could be of very great assistance in helping to reach a satisfactory solution to this very difficult problem.

6. *The Prime Minister* said that he and his colleagues fully appreciated the real difficulties facing the French government with respect to German participation in the defence of Western Europe. He was in full agreement that the security of France must not be weakened from within. Recent and not so recent events seemed to force the conclusion that some form of European federation was desirable if the intra-European conflicts of the past were to be avoided in the future. However, the French plan for the integration of German manpower in the defence of Western Europe seemed, at first glance at least, rather startling and embodied certain features which involved fundamental political changes in the European structure. This in itself might prove to be an obstacle too difficult to be overcome in a short period of time, and it was generally agreed that time was of the essence and that some provision had to be made immediately for the defence not only of Western Europe but of the free world. The obvious conclusion seemed to be that it was essential for all NATO countries to resolve their differences at the earliest possible moment, since it was all too clear that if those difficulties were not overcome we would, in fact, be playing the enemy's game.

7. *The Minister of National Defence* asked Mr. Moch whether he did not feel that the Germans would be disinclined to accept the Pleven Plan because of the severe restrictions it placed on German military activities. In effect, the plan seemed to contemplate that Germans would be merely second-class soldiers.

8. *Mr. Moch* replied that he thought the Germans would accept the plan since it would not be implemented before all the countries concerned, including Germany,

were consulted on a basis of equality. Furthermore, it should be kept in mind that this plan would likely be the only one favoured by the German democrats who feared above everything a revival of the Junkers. It was also pointed out that the French could arm 20,000 Germans in small units by the end of 1951, whereas the United States could probably not equip German divisions before 1952, or even 1953, largely because the United States had undertaken to arm and equip the forces of NATO countries before making any provision for German troops.

9. *Senator Robertson* enquired as to the rates of pay for the European army contemplated by the Pleven Plan.

10. *Mr. Moch* stated that obviously the rates of pay would have to be uniform and this might present some difficulty. The rates would likely be higher than the prevalent French scale, but lower than rates in effect in the U.S. Army.

11. *The Prime Minister* said that all the NATO countries had the same objective in mind and had agreed on general principles. It was our common task now to adjust our respective views in order to enable concerted action to be taken without any further delay.

12. *The meeting*, after further discussion, noted the report of the Minister of National Defence of France.

PAUL PELLETIER
Acting Secretary

590. DEA/50154-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 404 Paris, November 8, 1950

TOP SECRET. IMMEDIATE.
Repeat London No. 61.
Following for Secretary of State for External Affairs from Vanier, Begins: Your telegram No. 412 dated 6th November, German rearmament. M. Schuman returned from Rome yesterday and received me today in the most cordial manner. As your message was quite a long one I made a French translation which I read to M. Schuman "in toto". At the end after listening intently M. Schuman said "will you please thank your Minister for his message which I look upon as a mark of personal friendship". He then added at once much to my pleasure and may I add a little to my surprise "je te souscris entièrement à tout ce que M. Pearson dit d'un bout à l'autre". In other words he shared all your views without the smallest reservation.

He said he had read the account of the meeting at Washington and was "consterné" which as you know is a very strong word, best translated by "dismayed", at M. Moch's conduct. M. Moch who is a "polytechnicien" deals in terms of mathematics, and had been much too rigid and intransigent. His attitude at Washington

did not reflect the opinion of the French Government. To some extent it might have been dictated by what he called "incidences personnelles" on the part of Moch. Ever since the conference at Washington he had been exerting all his powers to find a solution. One of his difficulties of course was that the Cabinet was not as united as it might be.

It would be most unwise to allow any delay to interfere with the advancement of the military plan. He was sure it would be possible to find a solution. He went so far as to say that he would not even be stopped by the question of the size of the units or formations. This would be left to the military experts and if they said that for military reasons a division was the smallest formation which was practicable he would accept their view. There was a very great difference between an independent German division and a German division integrated in a European army commanded by a non-German. He did not expect that there would be any difficulty in obtaining the consent of continental nations but there might be some opposition from the Scandinavians who might not like the idea of their troops being integrated into a European army.

M. Schuman said the French and Germans were in complete accord, that he and Adenauer saw eye to eye and that he expected that today the latter would speak in the Bundestag in veiled terms perhaps but in a way which would confirm this.

In the course of conversation I pointed out the radical difference between the situation today in respect of French security and that which existed when I was in Geneva with the League of Nations. France then could obtain nothing worthwhile but now she was being offered the security of a large army which would fight to the east of her frontier. He agreed in terms which indicated that he would consider it madness for the French to allow an opportunity of this kind to pass.

M. Schuman added that the views he had expressed were those of M. Pleven also. Later this evening he would be receiving Mr. Bruce to whom he would speak in similar terms.

As I was leaving M. Schuman said with obvious pleasure that he had noted and was much touched by your reference to the ties not only of friendship but also of blood which bind our two countries.

591. B.C./Vol.135

Le sous-secrétaire d'État aux Affaires extérieures au ministre de la Défense nationale

Under-Secretary of State for External Affairs to Minister of National Defence

SECRET. IMMEDIATE. Ottawa, November 9, 1950

Dear Mr. Claxton,

I enclose herewith telegram No. 404 of November 8, from General Vanier, which arrived last evening and which throws a new light on the discussions we have been having with M. Moch on the subject of German re-armament. As you

will notice, M. Schuman told General Vanier that M. Moch's attitude in Washington did not reflect the opinion of the French Government. On the specific question of the size of German units to be incorporated in the European army, M. Schuman said "that he would not even be stopped by the question of the size of the units or formations. This would be left to military experts and if they said that for military reasons a division was the smallest formation which was practicable, he would accept their views". M. Schuman added that the views he had expressed were those of M. Pleven also.

2. M. Schuman's views as expressed to General Vanier are obviously in complete contradiction with the views expressed by M. Moch on this question. This points to a division in the French Government, with the Socialists headed by M. Moch taking an intransigent attitude, while M. Schuman and the M.R.P.[80] may be willing to compromise. Such a situation may in turn produce one of the all too frequent French Government crises. We may then be faced either by a victory for M. Moch and the Socialists, in which case the French may stand on the views put forward by M. Moch, or by a Government from which the Socialists have resigned and which would be willing to accept German divisions in the European army. Until this French domestic division has sorted itself out I should be inclined to advise great caution in putting forward to Washington any proposals for a compromise based on our conversations with M. Moch. We do not wish to get into a position of being "plus royalistes que le roi", "le roi", in this case, being M. Schuman and, according to M. Schuman, M. Pleven also. An attitude of caution seems all the more indicated as M. Schuman told General Vanier that he would be receiving the American Ambassador, Mr. Bruce, last night and expressing views similar to those which he had expressed to General Vanier. If this is the case, Washington will already have been informed on behalf of M. Pleven and M. Schuman, that the French Government would, in certain circumstances, be willing to accept German divisions. We should, therefore, be in an awkward position if we put forward suggestions based on the assumption that the largest German units the French would accept would be brigade groups.

3. It may prove, as I have suggested above, that M. Moch and those who share his views prevail in Paris, in which case the proposals for a compromise which we have been discussing with M. Moch may come in useful in due course. Meanwhile, I think you will agree that they should be kept on ice.

4. We shall be preparing draft instructions for Wilgress at the meeting of deputies in London on November 13, during the course of the day, for your consideration.

Yours sincerely,

A.D.P. HEENEY

[80] Mouvement Républicain Populaire.

592. DEA/50030-A-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1768 Ottawa, November 11, 1950

TOP SECRET. IMMEDIATE.

Repeat Washington EX-2295; Paris No. 418.

With reference to our telegram No. 1745 of November 9, 1950†, the following are our views as to the line we should take when the question of German participation in the defence of the West is discussed at the deputies' meeting next Monday, November 13.

2. As you will gather from the messages which have been referred to you on the subject during and since the Defence Committee meetings in Washington, there seems little prospect of the deputies getting beyond the discussion of procedure at their first meeting on this subject. Nevertheless, we think you should know how our thinking here has been developing.

3. For the last two days M. Moch has been in Ottawa. He has spoken to the Cabinet Defence Committee and to individual ministers and officials. His interpretation of the French Government's position is less inflexible than that which he presented during the Washington meetings. He still insists in the strongest terms that the French Government will never accept German divisions or a German federal agency. He is willing, however, to consider incorporation of German units up to the level of "régiment", which is an advance on the Pleven plan limitation to the battalion level. He is apparently not wedded to the idea of a Minister of Defence for Europe and is willing to consider an alternative suggestion. But he stands fast on the idea of a European army. M. Moch has suggested that Canada, perhaps in association with Belgium, might advance a solution which would be acceptable to all parties.

4. For our part, we have not yet decided what contribution we might be able to make towards a satisfactory solution of this difficult problem. We have, however, been considering possible ways out of the deadlock. My immediately following telegram contains some preliminary ideas which we have been considering here as the basis for a possible compromise solution. Meanwhile, however, General Vanier's message (repeated to you in telegram No. 61 from Paris) reveals a distinct cleavage within the French Government on this subject. M. Schuman has expressed the view on behalf of Pleven and himself that, if the military could make a good case on technical grounds for German divisions, he would make no objection. Until we know, therefore, what views will prevail within the French Government itself, we think it would be unwise to put forward any compromise suggestions of our own. The views contained in my immediately following telegram are, therefore, for the time being at least, for your own information. However, if you think best there

would be no harm in your discussing them informally with any of your colleagues in the deputies.

5. As to procedure, we assume that both the defence ministers and the foreign ministers will have to meet at some stage on this subject. If this is so, we think you might argue on Monday in favour of a joint session of the Council and of the Defence Committee to meet only when substantial progress has been made towards a solution. A further meeting of the Defence Committee alone on this subject should be avoided as the New York experience has shown that this body is unlikely to be the most appropriate one to deal with it effectively.

6. You can hardly argue in the deputies' meeting for a joint meeting of the Council and Defence Committee on the grounds that we should prefer to have M. Schuman at the table rather than M. Moch when German re-armament is discussed. In this connection it may be pointed out that both in the Washington meetings and in private conversations here M. Moch himself supported enthusiastically our idea of strengthening the organization of NATO, including specifically the establishment of a single council of ministers, external, defence, finance, as needed in each case, to be representative of governments. We think that a good case can be made for dealing at a ministerial level with a problem that has both military and political aspects in the same way that it is being dealt with at the official level. The Defence and the military committees are to meet jointly and they should properly make joint recommendations to a joint meeting of ministers. You might perhaps add that such a council of governments (which we advocated unofficially in Washington) would have the added advantage of placing the problem of German rearmament in a political framework which the French regard as essential to German participation in the defence of the West.

7. The Prime Minister considers it important that you should take any appropriate opportunity during the Council discussions to remind your colleagues that time presses for a decision on this question and that every effort should be made to take advantage of the favourable public opinion in North America which might well change if there is to be further delay in reaching the fundamental decisions affecting German participation in Western defence.

593. DEA/50030-A-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1769 Ottawa, November 11, 1950

TOP SECRET. IMMEDIATE.

Repeat Washington EX-2294; Paris No. 419.

With reference to my immediately preceding telegram on the subject of German rearmament, the following are our preliminary ideas of the lines along which con-

flicting views might be reconciled. They are set down assuming that the French position is that stated to us by M. Moch while in Ottawa. The situation would, of course, be modified if the French Government's position were to develop in the manner indicated by M. Schuman to General Vanier. Our thinking has been principally directed towards aspects of the problem on which some compromise might be found:

(a) *German Federal Agency*

M. Moch expressed irreconcilable opposition to the acceptance of a German Federal Agency which he saw as simply a camouflaged German War Ministry. It might, therefore, be suggested that German civil agencies, perhaps the German Departments of Labour and of Health, might be charged with the registration, health examination and recruitment of German effectives. This might be done under the supervision of the Allied High Commission in Germany. M. Moch too expressed his preference for a German volunteer force over a conscript force.

(b) *Size of German Formations*

The idea of resisting German divisional formations has come to have an almost mystical significance for M. Moch (if not for the French Government). On the other hand he has shown in his conversations here considerable flexibility as to the possibility of accepting larger formations than the battalions which originally figured in the Pleven Plan.

We have, therefore been wondering if it would not be possible to avoid a decision on the problem of German divisions at this stage. If, as suggested above, the German service agencies could begin the first steps towards the registration and recruitment of German effectives this would take up several months but could be started without prejudice to the decision upon the question of German divisions which could be hammered out meantime in the light of political and military developments.

Two alternative approaches might be:

(1) To agree now that the size of German components should be that of the brigade group. This compromise would mean that the United States would recede from their insistence on German divisions and the French would move up from battalions. The brigade group as a self-contained fighting formation might meet the military argument that the plan must be workable. On the other hand, the brigade group would have the advantage over the division from the French point of view that it would not imply the necessity for any German general officers to which the French are particularly opposed.

(2) We might agree now on a time-phased programme for building up German forces. Stage 1 — Battalions; Stage 2 — Brigades; Stage 3 — Divisions; with provision for review upon the completion of each stage. Agreement to move on to the next stage would be dependent upon political and military developments at the time.

Possibly some combination or (1) and (2) above would offer the best ground for compromise. It may be that upon reaching the brigade group level, the whole question of larger German formations could be examined *de novo*.

(c) *The European Army*

One of the elements of the Pleven Plan on which all members of the French Government seem to be in agreement is the concept of a European Army as the only framework which would provide adequate safeguards for the incorporation of German military units in the defence of the West. Moch argued here that the Germans would enter such a force on a footing of equality with the other European nations contributing to it. He said that within a week or two after the signature of the Schuman plan, the French Government would be willing to summon a conference for the purpose of drawing up a protocol for the creation of a European Army.

There are, as you know, military objections to the concept of a European Army. These objections might, however, diminish if the units contributed by the European nations involved were in sufficiently large formations (e.g. brigade groups) to be workable. In the event, we think that the French will be most reluctant to drop this idea, which is fundamental to their approach to the German problem and is closely linked in their minds with the Schuman plan. On the other hand, we understood from Moch that the French might be willing to drop their idea of a European Minister of Defence and the political superstructure of a European political body or bodies to which such a Minister would be responsible.

It might, therefore, be possible to salvage from the Pleven Plan the idea of a European Army, which we think may have a certain political and psychological value for Europeans, without becoming involved in trying to negotiate the embryonic federal framework which the French propose. Moch himself suggested that a High Commissioner might replace the Minister of Defence, but that in any event there would have to be some European political authority to which the Commander of the European Forces was responsible. He did not develop this idea, and it is by no means clear to us how it would work.

It might be possible to contemplate a European Army to which continental European governments, including the Germans, would contribute on some basis of assessment, e.g. as they are planning to do to the Western Union infrastructure. Such units would come under the Commander of the European Army, but would still be national units in the same way as the formations now under the United Nations Commander in Korea.

There are many obscurities in Moch's presentation of the idea of a European army and its relationship to the national armies of contributing countries which would have to be fully clarified before we could be satisfied that it does not constitute a device for restricting German participation to one fifth of a small experimental European army instead of the integrated force.

594. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2182 London, November 14, 1950

TOP SECRET

Re meeting of Deputies, November 13th. Discussions of item 2, dealing with German contribution to Western European defence.

2. Spofford introduced this subject by making a brief statement referring to the previous discussions in the Council, and in the Military Committee and the Defence Committee. He hoped it would be possible for the Military Committee to meet jointly with the Deputies on this subject, possibly next week, but in any case within the next fortnight. He stressed the long-term objectives of the North Atlantic Treaty, the considerable progress which had been made over the past year and a half, and the dangers of losing impetus. Linking up the conception of an integrated force with the question of a German contribution, he made the point that during the period since September, when this matter had been before successive NATO agencies, the world had not stood still. Spofford referred to the difficult situations existing in Korea and on the borders of China and Indo China, and the renewal of the Soviet offensive directed at Germany, expressed in the Prague declaration. On the other side of the ledger he expressed the deep interest of his Government in the encouraging progress being made towards completion of the Schuman Plan.

3. In the Deputies' consideration of the German problem, Spofford suggested that any solution must

(a) Conform with the Council's resolution, and with the concept of an adequate integrated force;

(b) Be acceptable from the point of view of NATO requirements;

(c) Be acceptable to German public opinion, while at the same time safeguarding against a recrudescence of German militarism; and

(d) Be capable of early realization.

4. With this preliminary statement the Chairman then turned to the French Deputy, who made a lengthy statement on the French proposals. This statement, the text† of which was subsequently circulated in French, indicates that the French position has moved forward in certain respects within the framework of the Pleven Plan. This advance may be summarized as follows:

(a) The "smallest possible German unit" which the French Government would accept is the "combat team" of five to six thousand men, three such teams comprising a division in the European force;

(b) For the "European Minister of Defence" might be substituted a "High Commissioner" with similar political and coordinating functions;

(c) Agreement to recruitment being carried out in Germany by a federal German agency such as the Ministry of Labour, the interior, or possibly public health;

(d) Agreement to pressing forward with interim measures, including preparatory arrangements for recruitment in Germany, the construction of barracks and camps, etc.;

(e) The European Assembly referred to in the Pleven Plan would be the same Assembly as provided for in the Schuman Plan and non-participants in the Schuman Plan could be associated with this Assembly.

5. At the outset, Mr. Alphand stressed the points of agreement, emphasizing that since September a considerable step forward had been taken by the French Government which was now not opposed to a German military contribution to the common defence, subject to reservations as to its practical implementation. There was also agreement that neither a German army nor a German general staff should be reconstituted. The Pleven Plan, which was then briefly summarized, had as its principal object the building up of the necessary forces in the West, including German forces, while at the same time avoiding the danger of a resurgence of German militarism. It was neither utopian nor impractical in the French view, the United States proposals did not contain all the necessary guarantees, and only a European framework could provide the necessary basis of security. The French did not object to the United States proposals that the number of German units should be limited to a fifth of available allied units, and that the prohibitions and limitations on German industry, with certain revisions, should be maintained, particularly those relating to heavy war materials and aviation.

6. But these conditions, which were accepted as essential by France, were not considered adequate to meet the problem. In particular, the reference in the United States plan to German "divisions", in the French view, seemed to be inconsistent with the decision that there should be no German general staff. History had shown that controls imposed by force were short lived, and that agreements reached on the basis of mutual interest had a far greater chance of survival. In considering the German problem, it was of the greatest importance to ensure that the German military caste and the big industrialists should never again be allowed to become the dominant elements in Germany. With such forces in the saddle there was always the twin dangers that a war would be unleashed with the object of unifying Germany, (German unity was a fundamental Western aim, but it must be achieved by peaceful means) and that a nationalist Germany might bite the hand that fed it.

7. These considerations had inspired the Pleven Plan, which in essence brought the German problem within the framework of the broad European policy which the French Government was pursuing both in the fields of economic development and of security. The movement towards European unity had been supported by the United States, and as M. Alphand also recalled, "nos amis canadiens" had always declared themselves in favour of French efforts to build European unity.

8. To bring about the participation of a democratic Germany in the framework of Western Europe, the first guarantees required were of an economic character. Thus, the Schuman Plan was an indispensable pre-condition of the Pleven Plan. It was with this same object in mind that the French Government had proposed the crea-

tion of a European army, which would have the maintenance of peace as its principal object, and prevent any one nation pursuing its own nationalist policies. The Pleven Plan would complete that Franco-German reconciliation towards which the Schuman Plan had been the first step.

9. M. Alphand noted that the proposals for German re-armament had stimulated the Soviet Government to lively protest, as was evident from the Soviet note of October 19th, the Prague declaration, and the aide mémoire of November 3rd, addressed to the United States, United Kingdom and France.[81] He felt that the creation of a European Army in which Germany participated only under clearly defined conditions would constitute far less provocation to the Soviet Union than the creation of German divisions in the framework of an Atlantic force. The combination of the Pleven and Schuman Plans would provide a "capital element" in building a United Europe, closely linked to the United States, and to Canada "au sein de la communauté Atlantique ainsi qu'au Commonwealth Britannique. Ces trois communautés — Europe occidentale, Amérique, Commonwealth — forment le monde libre". The day would doubtless come when these communities will join in establishing political, economic, and military institutions corresponding to their degree of integration.

10. M. Alphand then dealt with the principal criticisms which had been directed at the Pleven Plan and in so doing made several statements modifying in some degree earlier versions:

(i) *The criticism that the ultimate goals of the French proposals, while acceptable, could only be achieved in the distant future, whereas the immediate threat was urgent and required urgent military measures.* To this M. Alphand declared that the French proposal in its practical application was not unrealistic. Dealing with the size of the German units, he stated that he was authorized to say that in the opinion of the French Government the "smallest possible unit" would be the "combat team", made up of from five to six thousand men, including, in particular, infantry, artillery and engineer units, with three combat teams forming one division. This question of the size of German units would be primarily one for the Military Committee, but in M. Alphand's view it would be far less difficult for a German officer to participate effectively in such a "combat team" within a European division than in a German division within an integrated NATO force. This proposal was "an essential element" of any unanimous solution.

(ii) *The criticism that a European Minister of Defence was unnecessary.* To this he argued that a European army required political institutions, to which it could

[81] Voir Beate Ruhm von Oppen (éd.), *Documents on Germany Under Occupation, 1945-1955*, London, Royal Institute of International Affairs, Oxford University Press, 1959, pp. 520-521 pour la note du 19 octobre et pp. 522-527 pour la Déclaration de Prague du 20 octobre 1950. Pour l'aide-mémoire du 3 novembre 1950, voir United States, Department of State, *Bulletin*, volume 24, N° 600, January 1, 1951, p. 12.

See Beate Ruhm von Oppen (ed.), *Documents on Germany Under Occupation, 1945-1955*, London: Royal Institute of International Affairs, Oxford University Press, 1959, pp. 520-521 for Soviet note of October 19, and pp. 522-527 for Prague Declaration of October 20, 1950. For Aide Mémoire of November 3, 1950, see United States, Department of State, *Bulletin*, Volume 24, No. 600, January 1, 1951, p. 12.

be attached. But M. Alphand indicated that there was room for compromise with respect to the proposed European Defence Minister, throwing out the suggestion that a European "High Commissioner" would be an acceptable substitute, acting vis-à-vis the European army in the same way as a National Defence Minister acts with respect to the national force of his own country. The European Defence Minister (or High Commissioner) would be charged particularly with carrying out the general directives of the Council composed of the Ministers of the participating countries. He would be the normal intermediary between "the European community", and third countries, or international agencies in all matters concerning the carrying out of his mission. In Germany itself, the French would be opposed to the establishment of a German Ministry of Defence as foreseen in the American proposals, but would agree to the recruitment of German effectives coming under a German federal agency. This agency might either be the Ministry of the Interior, the Ministry of Labour, or possibly Public Health, and would operate in close liaison with the European Defence Minister or High Commissioner. Further, the French Government would not object to the immediate application, even before the signature of the treaty creating a European army, of certain interim measures preparing the way for the participation of German units. To this, however, M. Alphand attached two conditions: (a) That these interim measures should not hinder the ultimate formation of a European army; and (b) that until the formation of the European army they should not include the actual training of German units. Such interim measures would include the preparatory steps for recruitment in Germany, the construction of barracks and camps, etc. They would require careful study on the technical level.

(iii) *To objections that the political element in the French proposals would mean further delay*, M. Alphand stressed that barring unforeseen circumstances the Schuman Plan would be signed in a very short time. The treaty was now ready, and the solution of the last technical difficulties was in sight. Adenauer had given his complete accord and there had been encouragement from both the United States and the United Kingdom. Once the Schuman Plan was signed, the other problems fell into place. There was no question of having to wait for the completion of a European political federation, as some had said. The Parliamentary Assembly to which the European Defence Minister or High Commissioner would be responsible would be the same Assembly as provided for in the Schuman Plan. Within two or three months from the signature of the Schuman Plan it would be possible to take definitive steps and in the interval the necessary interim measures could be taken. Thus, less time would be lost than in the case of the implementation of the United States proposals, which provide that the allied forces must be given an absolute priority vis-à-vis Germany.

(iv) M. Alphand then dealt with *the objection that Germany would be an unwilling partner were the French proposals to be implemented*. He reiterated that the French Government did not intend to discriminate against Germany within the framework of the European army. Any discriminations which existed were the result of international actions arising out of the war, or of particular geographic situations such as exist in the overseas territories which require national forces

for their defence, or from the structure of the Atlantic Pact itself. The European army would rest on a basis of reciprocal obligations. The French Government had received indications from Bonn that the German authorities fully understood the significance and the "generosity" of the French proposals, and agreed that without a formula for a European army the forces of German militarism would benefit at the expense of those German democracy.

11. M. Alphand then directed a special appeal to the United Kingdom. The French Government hoped that even though the United Kingdom Government had not found it possible to participate in the Schuman Plan, they would be able to participate in the European army. United Kingdom objections to the Schuman Plan were not pertinent in the case of the European army. However, if because of its overseas interests, its links with the Commonwealth, "or for any other reason", the United Kingdom could not participate in the European army, the French Government would understand the position, and the final decision of the United Kingdom Government would not alter the close and friendly relations existing between the two countries. If United Kingdom participation in a European army was not practicable, M. Alphand hoped that the United Kingdom would do everything it its power to support the French proposals.

12. M. Alphand concluded his statement by summarizing his principal points, stressing that it was the hope of his Government that a basis of agreement could be reached rapidly in order to remove any difficulties which might stand in the way of an integrated Atlantic force and the naming of a supreme commander.

13. Report of ensuing discussion is contained in my immediately following telegram.

595. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2183 London, November 14, 1950

TOP SECRET

Reference my immediately preceding telegram re German defence contribution.

1. Following Alphand's statement, at the Chairman's suggestion, it was agreed that the Deputies should study the French statement before dealing with its substance. Several questions were directed at M. Alphand. In reply to a question from Hoyer Millar, Alphand indicated that in addition to the units contributed to the European army, there would also be separate national contingents.

2. In reply to a further question dealing with the proposal that the Schuman Plan assembly should provide the higher political co-ordination for the European army, M. Alphand made it clear that in the case of countries which were not participants in the Schuman Plan special arrangements could be made for their association with

the Schuman Plan assembly should they decide to participate in the European army. Hoyer Millar, who had raised this question, took the opportunity of making the point that while consideration of the German problem was proceeding, it was highly important that the impetus given to defence measures at the time of Korea should be maintained, and said his Government was going ahead at full speed with its expanded production programme.

3. The Netherlands Deputy raised a question concerning relations between the federal German agency and the European Defence Minister or High Commissioner. M. Alphand's reply was that the French had no fixed views on this relationship and he took the line that the details of the relationship could be worked out in the Assembly. He thought such problems relating to the European army would prove easier than those which had arisen in the Schuman Plan negotiations. In raising his question, the Netherlands Deputy made it clear that he had in mind avoiding the dangers of a situation where the European Defence Minister or High Commissioner would be a virtual dictator of German defence measures, a procedure which would be wholly unacceptable, in his view, to the Germans.

4. Having in mind the points raised in paragraphs 5-7 of your telegram No. 1768 of November 11th, I made a brief statement relating only to procedure to be followed in our consideration of the problem of German contribution, and to the need for urgency. Stressing the fact that the Deputies and the Military Committee were to meet jointly, I suggested that providing progress is made towards a solution at our current meetings, it would be necessary and advisable at a later date for both the Defence Ministers and the Foreign Ministers to meet jointly to consider this question. The problem had both political and military aspects, as had been recognized, and a joint session of Foreign and Defence Ministers seemed to be a logical consequence of the approach on which we were now basing our work.

5. In addition, I took the opportunity of making the point that time presses for a decision, and that every effort should be made to take advantage of the favourable public opinion existing in North America, which might change should there be further delays in reaching fundamental decisions.

6. There was general support for this suggestion as to further procedure, and Spofford stressed that the United States view was that meetings at Ministerial level should only be held when the Deputies had reached a substantial measure of agreement. M. Alphand supported our suggestion strongly, and referred to a previous proposal on these lines made by the Belgian Minister at the meetings in Washington. He also urged that the sooner the Deputies could meet with the Military Committee, the better.

7. The next meeting of the Deputies will be held November 15th at which discussion of this subject will be resumed. We gather that the United States Group here was given an indication before yesterday's meeting of the concessions which M. Alphand was authorized to make, but though these are regarded as substantial by the French, this view is not shared on the United States side. Leaving the meeting yesterday, Alphand agreed that the French position was more "flexible" than had appeared at Washington, but added that it was flexible only within the general framework of the Pleven Plan.

8. I am sure you will agree that there are many points yet to be clarified in the latest revision of the French proposals. It seems likely that a considerable part of tomorrow's session will be devoted to obtaining further clarification.

596. DEA/50030-A-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 1804 Ottawa, November 18, 1950

TOP SECRET. IMPORTANT.

Repeat Washington EX-2359; Paris No. 429; Bonn No. 122.
Your telegrams Nos. 2182 and 2183 of November 14 and No. 2207 of November 16,† Deputies discussion of German defence contribution.

2. Unfortunately, as your telegram No. 2207 had no priority, we did not receive the advance copy until yesterday afternoon, by which time your Deputies' meeting had already taken place. For your next meeting, which we suppose may be November 20, we should like to let you know how our thinking on the German problem is developing. In general, we are reluctant at this distance to give you definite instructions as to what you should say for four reasons:

(a) Although the position of the French Government has been considerably clarified by the statements of M. Alphand in London and General Ely[82] in Washington, we are still none too clear as to what views will prevail in Paris at the Ministerial level;

(b) We are reluctant to put forward anything that might be labelled a Canadian compromise plan;

(c) Most of the Europeans have not yet clarified their attitude to a European Army;

(d) In the present delicate but hopeful state of negotiations, we believe that it is preferable to rely on your judgment on the spot as to whether a given suggestion that we might put forward would tend to smoke the French out or to dig them in.

3. We are encouraged by the concrete advance that M. Alphand and General Ely have been authorized to make during the past week. We think that the representatives of other countries might have gone out of their way to recognize that the French were making concessions and in your next statement we suggest that you might welcome both the advances made and the more flexible position adopted by the French, without indicating that you now think they have gone far enough. The prospects now seem brighter of reaching enough agreement to enable a successful Ministerial meeting to be called within the next month. We are satisfied that it

[82] Le lieutenant-général Paul Ely, représentant de la France au Groupe permanent.
Lieutenant-General Paul Ely, French Representative on the Standing Group.

would be folly to allow negotiations to founder on the points that now divide us in the military field. As A/V/M Campbell said to the Standing Group when General Ely announced the French willingness to accept the regimental combat team (or brigade group) as the basic unit, Canadian experience has indicated that while divisions are more desirable, brigade groups had functioned efficiently and successfully as a national component in the past, and could do so again. (As you will fully appreciate, the brigade group meets our own position since we ourselves contemplate a contribution of this character to forces in being in Europe.)

4. A further reason for our readiness to go along with the French on brigade groups is the likelihood that the march of events will make the French realize, before any re-armament plan can actually be put into practice, that divisions are militarily a more efficient and necessary operational unit. Our immediate objective is to reach a point of agreement now from which progress can be made.

5. If agreement on the size of components seems in prospect, the most serious problems remaining centre around the organization of a European Army in both its military and political aspects. Before receiving your telegram No. 2215 we had intended to send you with this message our views on a European army, but as you will not be discussing this question on Monday, and as we have not yet cleared our own minds on this problem, we shall send you a separate message early next week.

6. All in all, we think that what we now need most is to keep our eyes on the essentials of the political and military problems, and not get bogged down in prolonged discussions of contingent detail, on which we could all argue indefinitely without reaching agreement. Essentially, the French are searching for an acceptable political formula, just as they do in their domestic politics. It would surely be their understanding as well as ours, once we agreed in principle on a formula, that the details could be worked out with a good deal of flexibility. Such a formula will have to be found preparatory to a meeting of Ministers, preferably a joint meeting of the Council and the Defence Committee. This meeting should take place as soon as possible, so that a practical start can be made with recruiting and training Germans. Prolonging our debate encourages both Soviet propaganda and American isolationism, and Germany, if she is not re-armed within a Western framework, may re-arm outside one.

597. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2215 London, November 18, 1950

TOP SECRET. IMMEDIATE.

DEPUTIES' MEETING, NOVEMBER 17TH: GERMAN DEFENCE CONTRIBUTION

Our discussion at this third meeting did not advance matters much further. The Chairman said at the outset that the Military Committee now expects to meet in London on November 23rd, and to meet jointly with the Deputies on November 27th. He then reviewed the way the question of a German contribution had come before the Deputies, in order to stress that our problem was primarily the practical one of recommending the ways in which this contribution could best be worked out. Alphand's statement, he said, had substantially broadened the area of agreement, although it was clear that both the United States and French proposals would require further elaboration as to details.

2. To make progress, he suggested de-limiting the specific areas of the problem under three broad headings:

(1) Purely military questions on which the advice of the Military Committee was a pre-requisite;

(2) Organizational and administrative questions relating to the machinery for the recruitment, training and supply of German units; and

(3) Political questions raised primarily by the French proposals. Spofford proposed that (1) should be reserved for discussion with the Military Committee; (3) should be taken up "later on"; and that we should seek now to make progress on the limited front of (2). For example, there seemed to be agreement in the two plans on the need for a German Federal Agency. Should the same Agency deal with both recruitment and training, and with procurement and supply? What were the problems incidental to setting up a Federal German Agency? What should be the methods of Allied control? How did the French conception of a European Defence Minister, or High Commissioner, fit in, and what would be his relationship to S.H.A.P.E.? These were practical matters on which a start might be made.

3. At this point Hoyer Millar intervened to raise the political issues on which almost everyone else had been silent hitherto, by pointing out that much more information was needed about the French plan, and suggesting that it seemed to be illogical in that it provided for equal German participation in the European Army, but an inferior status for Germans vis-à-vis the NATO participants in the whole integrated force. Under the French plan the German people would have a dual and confused status. This prompted Alphand to make a statement in which he was care-

ful to say that he was giving only his own personal views, but which threw some further light on the French conception of the functions of the proposed High Commissioner (the term "European Defence Minister" now seems to be taking second place) and on the organization of German participation. At some future date the hope was that Germany would be a free partner in a united Europe. The present controls of Germany, however, were the product of the Occupation Statute, and could not be expected to disappear at a single stroke. The French envisaged the need for a German Federal Agency, and accepted the limitations on German rearmament set forth in the United States proposals.

4. Turning to the status of the proposed High Commissioner, Alphand repeated that his relationship to S.H.A.P.E., so far as the European Army was concerned, would be the same as that of the Defence Ministers of other NATO countries contributing forces to the integrated force. He then cited examples of the kind of functions which might be carried out by the High Commissioner. These included the development of common training programmes for the European Army, the establishment of officer-training courses aimed at developing European "esprit de corps", a common structure of command, standardization of arms, equipment, etc. He would also be charged with developing plans, in consultation with the Defence Ministers of other countries participating in the European Army, for the common budget envisaged. These suggestions were heard with considerable interest by the other European Deputies who have maintained a discreet silence on the French proposals, and the Netherlands Deputy extracted a promise from Alphand to put this rather "off the cuff" statement in writing and to circulate a paper setting forth these personal views as a basis for further discussion. Alphand agreed to do this, subject to the understanding that his paper would have no official status.

5. The Netherlands Deputy has been anxious to get further details of the French proposals, to focus attention on the practical aspects of the problem of German rearmament and on the need for securing German co-operation for any plan which is adopted.

6. Another question which was briefly touched upon, but not examined in detail, was the need of defining more clearly the respective spheres of responsibility in the raising of a German force as between the three Occupying Powers and the other NATO countries. Spofford threw out the suggestion that in subsequent discussions with the German authorities it might be best for the High Commission to act on behalf of the NATO countries in this respect.

7. At this point of the meeting the Chairman was obliged to leave for Brussels, where he is to see Mr. Van Zeeland, the new President of the Council. The Belgian Ambassador, as Acting Chairman, then took over, but little, if any, progress was made.

8. In the hope of focussing the attention of the Deputies on the practical organizational questions to which Spofford had referred earlier, I proposed that a Working Group of officials should meet at once to try to work out a short list of questions on the administrative problem only, which might provide a basis for our discussions on Monday. This suggestion was accepted, and a working group of officials, representing the United Kingdom, the United States, France, the Netherlands and

Canada subsequently drew up the following brief list of suggested points for discussion on Monday:

"The ad hoc Drafting Group suggests the following questions to assist the Council Deputies in their consideration of the principles which should govern the setting up of machinery to deal with the recruitment, training, equipment and administration of German units to be incorporated into the integrated force for the defence of Europe (a) within Germany; (b) among the Occupying Powers; (c) within NATO:

(1) Should these matters be dealt with by a single German Federal Agency or by separate agencies in appropriate fields?

(2) What controls should be exercised over such German Federal Agency (or agencies)?

(3) By what authorities should such controls be exercised?

(4) What should be the mutual relationship between S.H.A.P.E., the German Federal Agency (or agencies) and other authorities concerned?"

9. At this stage it is difficult to see what progress can be made until the other European countries who are most directly affected by the French proposals, are prepared to express their views. Privately there seems to be no enthusiasm whatever for the French proposals, and particularly for the elaborate super-structure envisaged. But with the exception of the Italian and Portuguese Deputies, none of the other continental representatives has as yet expressed his views openly. The United Kingdom Deputy has made no general statement, but his comments and questions leave no doubt as to the United Kingdom attitude. Spofford's own position has been difficult since, as Chairman, he is anxious to get on with the job, but as United States Deputy he is still awaiting the formulation of final United States views. I am therefore not optimistic of the ability of the Deputies to make much advance prior to the session with the Military Committee until the European Governments particularly define their attitude more clearly to the French proposals.

10. The approach which Spofford has suggested of concentrating attention on practical problems of administration may be a useful one, and on the basis of the questions listed in my paragraph 8 above I should be grateful to have your guidance in advance of Monday's meeting.

11. Finally, it would be useful, in advance of the discussions with the Military Committee, to have a summary of your views on military aspects. In particular I should be grateful to have your comments on the views of our Washington Joint Staff on the French proposal summarized in telegram No. 1747 of November 9th.†

12. Copies of this telegram are going forward to Paris and Bonn by air bag.

598. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2242 London, November 21, 1950

TOP SECRET. IMMEDIATE.

DEPUTIES' MEETING NOVEMBER 17TH: GERMAN DEFENCE CONTRIBUTION

For three main reasons the meeting yesterday was more productive of ideas and almost of a sense of achievement:

(1) A number of the Deputies had been able to consult their Governments on the specific questions prepared by the drafting group, referred to in paragraph 8 of my telegram No. 2215 of November 18th, and were in a position, if not to give concrete answers, at least to indicate general views;

(2) There was an evident feeling of the importance of seeking ways of bringing more closely together the United States and French points of view; and

(3) A counter-proposal was introduced by one of the European countries most directly affected by the French plan, i.e., The Netherlands, stressing the importance of maintaining the unity of the North Atlantic area, and putting forward the suggestion of a NATO High Commissioner as an alternative to the European High Commissioner advocated by M. Alphand. This compromise proposal lost some of its effect by a concluding United States statement suggesting postponement of consideration of political aspects and the implementation of interim military measures, reported in my immediately following telegram.

2. At the outset, the Chairman referred briefly to his recent visit in Brussels with Mr. Van Zeeland, and their discussion of plans for the next Council meeting, which would depend upon the progress made here. No date for the meeting was decided upon. You will already have noticed the discrepancy between the dates given by Spofford, as reported in our telegram No. 2215 of November 18th and the timetable outlined in your telegram No. 1799† of the same date. Yesterday Spofford expected that the Military Committee would meet in London about December 5th, and that an announcement would be made from Washington.

3. Spofford then turned to consider the questions prepared by the drafting group, as set forth in paragraph 8 of my telegram under reference. He stressed the importance of directing our discussion to general principles, rather than to details, and of avoiding establishing too rigid a framework at this stage. Before proceeding round the table on the detailed questions, Spofford made a brief comment in connection with the problem of discrimination, stating that the United States' view was that discrimination against the Federal German Government in the matter of defence should be kept to a minimum, and that efforts should be made to obtain their co-operation and willing participation in the integrated force.

4. A general discussion based on the drafting group's questions then followed. The discussion of question 1, dealing with the nature of the German Federal Agency, and question 4, dealing with the mutual relationship between SHAPE, the German Agency and other authorities concerned, was least productive. There were three principal difficulties. It was recognized

(1) That military factors were involved in arrangements dealing with recruitment and training, etc. of German units,

(2) That special responsibilities rested upon the three Occupying Powers and on SHAPE, and

(3) That it was necessary to have a clearer picture of the political institutions which might emerge before useful comment could be made on the relationship between such institutions, SHAPE, and the German Federal Agency.

5. On question 1, it was generally recognized that the aim should be to combine a militarily efficient German contribution with appropriate safeguards. There was, however, a difference of view as to whether this aim could best be achieved by the establishment of a single German agency or separate agencies. There was a good deal of support, in these preliminary discussions, for the view that recruitment and administration might appropriately be handled by a German Ministry of Labour, or Interior, but that training was a matter for which the Allied Occupation Forces and the Supreme Commander must be responsible. The general feeling was that the question of the allocation of duties as between agencies should be determined on practical grounds. A number of Deputies, including Spofford and Alphand and myself took the view that supply matters might be dealt with by a separate German agency. The Norwegian Deputy on the other hand, felt that from the point of view of efficiency and security it might be best not to split up the various functions. Support for a single Federal Agency was also given by The Netherlands Deputy on the ground of efficiency and security.

6. The discussion of question 4 made it clear that it was difficult to deal usefully with the relationship between SHAPE and the German Federal Agency, or Agencies, until more is known about the "other authorities concerned". There was, however, considerable support for the view that the general objective should be to try to equate the relations between SHAPE and the German Federal Agency as closely as possible to the relations between SHAPE and the Defence Ministries of the other countries.

7. The most useful discussion emerged in connection with consideration of questions 2 and 3 dealing with the controls to be exercised over the German Federal Agency, or Agencies, and the authorities through which such controls should be exercised. These two questions were considered jointly.

8. In the discussion of the nature of the German Federal Agency, the Netherlands Deputy had taken the view that a single German Agency would be more efficient since it would be easier to supervise its activities, and through NATO, to ensure the necessary guarantees. It was at this point that he introduced the new conception of a NATO High Commissioner, who would give general policy directives to the German Agency and to all the elements in the integrated force. According to these Dutch proposals, the German Agency would be partly responsible for training and

for such matters as registration, supply and foodstuffs, clothing, barracks, etc. Such matters, however, as policy coordination mobilization procedures etc., should become the prerogative of the NATO High Commissioner. As time goes on and the German Government gives proof of their good intentions, it might be possible to reduce the tasks of the NATO High Commissioner and transfer some of his powers of supervision direct to the German Federal Agency. The responsibilities of a Minister of Defence in the NATO countries should, in the case of Germany, be divided between the German Federal Agency and a NATO High Commissioner.

9. At this point, Alphand, who had been listening to the conception of a NATO High Commissioner with great interest, asked for a further explanation, to which Van Starkenborgh replied that the conception of a NATO High Commissioner was "easily explainable". The Netherlands Government felt that the German question should be placed as much as possible within the framework of NATO, and that the guarantees against a resurgent Germany would be stronger if we each felt a partial responsibility for maintaining them. While the Occupying Powers had a special position, they were not a permanent institution. The ultimate goal was to make Germany a partner in our endeavours, and that was essentially a NATO question. (The Netherlands Deputy did not expand on how a NATO High Commissioner would fit into the present NATO structure, but he told me privately that he should be responsible to the Council, and have a general responsibility for all elements of the integrated force.)

10. Hoyer Millar drew a useful distinction between negative controls which might best be operated through the three Occupying Powers and the Allied High Commission, and positive controls, aimed at providing ways of permitting the Germans to make an effective contribution to Western defence, which might be the particular responsibility of NATO operating either through SHAPE, or through a NATO High Commissioner, a suggestion which he was inclined to view favourably.

11. Alphand agreed with the distinction between negative and positive controls, and expressed the view that the negative controls which would ultimately disappear, e.g., de-Nazification measures, the proportion of German troops, etc., should be exercised through the machinery of the Occupying Powers, but that the positive controls permitting the German forces to develop within an integrated European framework should be exercised on the European basis outlined in the French proposals.

12. I commented briefly on the negative controls listed in the United States proposal and agreed that these would inevitably be the primary responsibility of the Allied High Commission until such time as a Peace Treaty with Germany becomes practicable, at which time the remaining necessary controls would presumably be incorporated in Treaty provisions. I also expressed interest in the Dutch proposal concerning a NATO High Commission, saying that it was well worth exploring. Such an agency might provide a continuing link between the NATO machinery and the German authorities, and might assume primary responsibility for implementing the positive controls to which reference had been made.

13. The Belgian Deputy agreed that the negative controls on Germany would undoubtedly disappear progressively but thought the best positive control lay in developing some method of integrating Germans within the European framework.

14. Spofford agreed with Hoyer Millar on negative controls, or "wasting" controls as he called them, and said that their authority really derived from the Allied High Commission and the occupation statute. In the United States view, it was best to use existing agencies under the statute. The Supreme Commander would also have certain functions in the field of control, as outlined in the United States proposals. He added that the United States authorities placed considerable emphasis on the importance of developing effective machinery to screen German officer personnel and to select and train new officers. It was extremely important to avoid the establishment of an officer class. In general, the United States view was that so far as possible, existing legal and administrative machinery should be used to meet the present problem.

15. While this discussion was of a very preliminary character, there was a distinct feeling that The Netherlands proposal for the appointment of a NATO High Commissioner went some way towards reconciling the desire of the majority of the countries represented for institutions on a North Atlantic rather than solely European basis, and the French conception of the need for general political coordination and supervision of defence arrangements. It was also felt that this proposal went some distance in satisfying the requirement that the Germans should not feel that they were being discriminated against. Favourable preliminary comment was made on The Netherlands proposal by the Norwegian, Danish and United Kingdom delegate.

16. At the Chairman's suggestion, it was agreed that the Belgian Deputy who has not committed himself on the French proposals should prepare a paper summarizing the discussion, bringing out points of agreement and difference.

17. The Chairman said he had just received a message from Colonel Donnelly, the Secretary of the Standing Group, indicating that Document M C 30,† which, we understand, is the report of the Standing Group on a German contribution prepared after consultations with accredited military representatives, is being sent forward and would be circulated here as soon as possible.

18. My immediately following telegram summarizes Spofford's proposals for the implementation of interim measures. My impression is that while there is no doubt a good case to be made for proceeding immediately with interim measures, it is too early to assume that further measures of agreement of political aspects might not be possible largely as a result of the formula advanced by The Netherlands Deputy.

599. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2243 London, November 21, 1950

TOP SECRET. IMMEDIATE.

Reference my immediately preceding telegram.

1. At the beginning of the meeting, we were told privately by Achilles that over the week-end Spofford had received instructions from Washington to the effect that military and political aspects of German problem should be separated as quickly as possible, that efforts should be made to secure agreement to getting on with the formation of military units, and to give the political aspects of the French plan subsequent study. It was on the basis of these instructions that Spofford made his general statement at the conclusion of the meeting, concerning interim military measures. He stressed again need for urgency and for getting the military arrangements out of the planning stage. The continued public discussion of the question of re-armament in Germany was not improving matters, and long delays made the ultimate solution even more difficult. The creation of political institutions required lengthy and mature consideration, and raised difficult problems of sovereignty which could not be solved overnight. It was difficult to arrive now at a definite conclusion on political problems, and any attempt to do so might mean the exertion of pressure which would unavoidably produce unsatisfactory results, and might prejudice the early completion of our common military objectives. The logical conclusion, therefore, was that consideration might now be given to proceeding with military measures on a transitional basis, and to get these preliminary measures working without delay. Careful study should be give to the various proposals for political institutions, but we must abandon perfectionism and seek for interim solutions. Such similar interim programmes had already been developed in the production and financial fields without jeopardizing ultimate solutions. Similar techniques could be developed in connection with this problem of a German military contribution. The question of what the most effective size of units should be would be made clearer in the military paper shortly to be circulated. Preliminary recruitment and training measures, however, might be carried out through a German Agency operating under the Allied High Commission Control, and material problems dealt with through appropriate NATO agencies. If and when the political institutions envisaged should develop, there could be a progressive transfer of responsibility. Spofford thought, however, that the military authorities would make it a condition that any subsequent transfer of responsibility to a political authority, for example, must satisfy military requirements. During this interim period, it would be possible to get on with the appointment of the Supreme Commander, to deal with the related staff problems and obtain some actual experience of dealing with Germans.

2. The Chairman promised to circulate a copy of these United States' views which are to be considered at our next meeting, now called for Thursday morning, November 23rd.

3. Copies of this and my immediately preceding telegram are being sent to Paris and Bonn by air bag.

600. DEA/50030-A-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1820 Ottawa, November 22, 1950

TOP SECRET. IMMEDIATE.

Repeat Washington EX-2386.

Your telegrams Nos. 2242 and 2243 of November 21 re Deputies' discussion of German defence contribution.

1. The essential question to which the Deputies will, we suppose, be addressing themselves at tomorrow's meeting is whether the political and military aspects could, or should, be separated as proposed by Spofford, and the political problems put on ice while an attempt is made to recruit and train Germans in the Western zones.

2. We all want to make progress on the military front as soon as possible, but we are inclined to think that if there is any prospect of reaching agreement in principle on the major political question, there would be more to lose than to gain by cutting short the political discussion. M. Alphand has made important advances in the French position, although some of these have yet to be confirmed officially by the French Government. The Americans are now prepared to accept brigade groups. According to the French, signature of the Schuman plan may be only a week away. There may be some possibility of compromise along the lines of the Dutch idea of a NATO High Commissioner particularly since Alphand has not turned it down out of hand. It therefore seems to us that the prospect of some compromise is a good deal better now than when the German re-armament discussion began and that we can afford a little more time for the continuation of what is beginning to look like a fruitful political discussion.

3. If, on the other hand, it is agreed to discuss only the military modalities, it would, we think, be an illusion to believe that the political question would stand still. Public opinion will not remain static because the Governments have agreed not to talk about the issue for a few months. Instead of becoming more soluble in the interval, the political problems may grow still more difficult, as is perhaps indicated by the recent elections in the United States and in the U.S. zone of Germany. Political problems are at the heart of not only the French but of the German and American debates on policy.

4. Further, the political and military aspects of the problem are basically inseparable, as even the Standing Group's paper shows. The revisions in M.C.30,† which you will receive through Joint Staff channels, indicate that the Standing Group have agreed that German participation in the air is of such importance that it is within the political province. The paper makes a similar statement in accepting brigade groups as the basic unit.

5. Finally, Spofford's suggestion that in the further discussion of a European Army, the military authorities would virtually have a veto, will probably not commend itself to many Governments. In our view decisions of this order, involving judgment of both military and political issues, must be made by Governments.

6. While the preceding argument leads us to the conclusion that we cannot at present support without qualifications Spofford's proposal that political issues be left in abeyance while interim military arrangements are proceeded with, we are in no position to take a strong line. Our contribution to an integrated force will be small whatever disposition is made of the rest of the Special Force. It might therefore be unsteadying to our partners if we were to be unduly active in proposing solutions.

7. As regards the Dutch proposal for a NATO High Commissioner, as against Alphand's proposal that there should be a European High Commissioner, there seems to us to be a possibility that contradictions may emerge which, if they are not reconciled, would pose awkward choices for us, and indeed for all North Atlantic countries. We hope that it will be possible to avoid a policy clash on future political architecture, and instead that the Dutch proposal may be a basis for compromise between European and NATO concepts of organization.

8. The above paragraphs represent our present line of thinking and are, of course, for your background information only. We do not think that the subjects are ones on which a Canadian representative should be expected to take the initiative.

9. We think that if you feel you can usefully contribute to a solution by so doing you might speak at tomorrow's meeting on somewhat the following lines:

(a) Welcome the concession made by both the French and the United States, including the most recent U.S. concession accepting (in the Standing Group paper) brigade groups as the largest unit for the time being;

(b) Say that we do not think that it is practicable to separate the military and political issues involved in the German problem, although we recognize, with the Americans, the urgency from all points of view of making as rapid progress as possible on the military front;

(c) Confirm your previous statement on the Dutch proposal for a NATO High Commissioner, saying it is worth careful exploration; as yet, however, you should not give it our blessing but rather express the hope that, on closer examination, it may become the basis for a compromise.

601. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2287 London, November 25, 1950

TOP SECRET. IMMEDIATE.

From my report of Deputies discussion of German defence contribution at the meeting November 24th,† the following points will be clear:

1. You will see that it has not proved possible to avoid some discussion of future political architecture (paragraph 7 of your telegram No. 1820, November 20th). By raising the objective of a European army (which is the most important element of the French plan) and related European institutions, the French have raised fundamental issues affecting the form of inter-European and NATO association, the consideration of which may perhaps be postponed, but cannot be avoided.

2. The French are not likely to be budged from the main outline of their plan, and do not regard the Netherlands proposal for a NATO High Commissioner as a possible alternative.

3. The French position has been strengthened by the fact that despite the oft-repeated statements from the United States side that the French proposals are essentially a matter for European countries concerned, the United States has gone farther in paragraph 7 of Spofford's memorandum than any European Government in the commitment in principle supporting a study of the objectives of the French proposals.

4. This has increased the difficulties of the United Kingdom whose dilemma is evident from Hoyer Millar's questions, and of those who have anxiously been awaiting an indication of the United Kingdom's intentions. The other European countries have been conspicuously silent.

5. As a result, I am less hopeful of the possibilities of finding a compromise to the French proposals, and feel that beyond comments on specific points raised in M.C.30,† we can only await further indication of intentions of European Governments principally concerned, regarding the latest United States proposals. These, together with the United States memorandum on interim measures are likely to be the principal basis for next week's discussions.

602. DEA/50030-A-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1844 Ottawa, November 26, 1950

TOP SECRET. IMMEDIATE.

Repeat Washington EX-2412.

Following from Under-Secretary, Begins: Your telegrams Nos. 2284†, 2285† and 2287.

1. In the time available, we cannot give you detailed comments, nor would we wish to do so at this stage. We believe you should continue to take a back seat.

2. For your further informal guidance, however, we can offer one or two general observations.

3. In the present circumstances of urgency, we are impressed by Spofford's proposals, especially as he has now agreed with you that our efforts to reach a wider political agreement have not been exhausted. We agree that it would be useful to proceed concurrently on both political and military problems, and tackle as soon as possible the immediate practical measures of preliminary military organization to the Western Zones of Germany.

4. As regards the political problem, we consider it is primarily for European members to state their attitudes towards the French proposals for a European Army. Until we have a clearer idea as to which continental countries are likely to support a European Army, at least in principle, all our further discussions on political questions will be of limited value.

5. Our hope would be that the European countries would at the least agree to sit down now and work out an acceptable scheme for the establishment of a European Army. We say this because as yet no political alternative has been proposed which offers equal hope of solving the essential difficulty of German association. We do not think that there will necessarily prove to be, in the long run, the clear cut antithesis between the European and NATO concepts of organization which appears to emerge in this debate in the Deputies.

6. As regard the points raised by the Chairman for discussion of M.C.30† at tomorrow's meeting, we think that the Standing Group and military representatives have produced a very sensible draft, giving due weight to political factors that cannot be disentangled from the military specifically, paragraphs 2, 4, 5, 6, and 7 of Document D-D/194† seem to us to indicate movement in the right direction. On the other points, we shall be sending you our views later. Ends.

603. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2317 London, November 29, 1950

TOP SECRET. IMMEDIATE.

DEPUTIES' MEETING, NOVEMBER 28TH: GERMAN DEFENCE CONTRIBUTION

1. Meeting originally scheduled for Wednesday was advanced to 28th. Since all Deputies were clearly prepared to make statements, I briefly outlined the Canadian position by (1) supporting United States interim proposals regarding provisional arrangements for participation of Germany in European defence (2) stressing urgency of arrangements for integrated force, including a German contribution; (3) agreeing with United States view that adequate opportunity should be afforded to work out French proposals, and that at same time there should be no delay in commencing forthwith implementing proposal for participation of German units; (4) pointing out that European and NATO conceptions of association were not necessarily divergent, but actually closely linked; (5) referring to significance of Canadian proposals for re-organizing NATO structure; (6) suggesting that should French plan not prove practicable within reasonable time an alternative solution should immediately be sought. Text of my statement which was made at beginning of meeting, is contained in my immediately following telegram.

2. Deputies of United Kingdom, Netherlands, Norway, Portugal, Denmark, Belgium, Luxembourg, Italy and Iceland then made general statements, majority of which indicated agreement with United States interim proposals, but visible lack of enthusiasm for French plan. Hoyer Millar indicated that Mr. Bevin would be obliged to make some remarks on this subject in Commons debate, and said that United Kingdom Government did not like the French plan, and supported the United States interim proposals which would permit progress on immediate military front and subsequent consideration to be given to French political objectives. United Kingdom Government was not prepared to take part in a European army, in view of existing obligations to NATO and Commonwealth and overseas commitments. At the same time, no difficulties would be placed in the way of other countries who wished to participate in working out French plan. Should French plan be delayed for any reason, United Kingdom view was that original majority plan should proceed in view of great importance of establishing effective military organization under Supreme Commander.

3. Netherlands Deputy said his Government was convinced that German participation was indispensable to NATO defence, and should be proceeded with expeditiously irrespective of outcome of proposed French negotiations. Netherlands Government still preferred German participation on direct and equal basis within NATO framework. Netherlands Government would have been able to consider par-

ticipation in European army had United Kingdom Government decided to participate, since this was not to be the case, Netherlands Government would not take part, but at the same time would not oppose efforts to group European Powers more closely within NATO framework.

4. Norwegian Deputy emphasized need for urgent action and expressed view similar to Netherlands Deputy. He supported United States interim proposals, indicating that Norway was not opposed to incorporation of German units in a European army if and when such an army is established. He expressed view, however, that Germany would tend to dominate a European group that was too small, as would be the case if only minority of the ten European countries in NATO were active participants.

5. Portuguese Deputy expressed agreement with United States interim proposals and for organizing German contribution within NATO framework, reserving freedom of action of his Government on Paris conference. Danish Deputy also supported United States interim proposals and would prefer to see a direct German contribution to integrated NATO force. While he could not say definitely whether or not Denmark would take part in proposed Paris conference, he would say that his Government would hesitate should acceptance in principle in advance be a requirement. The Danish Government felt that United States plan for recruiting German manpower should not be influenced by results of Paris negotiation.

6. Belgian Deputy said he had no instructions, and had nothing to add to statement reported in paragraph 5 of my telegram No. 2304 of November 28th.† Luxembourg Deputy made surprising statement that while his Government was sympathetic to French proposals, they recognized need for urgency and would favour implementing proposed United States interim arrangements. He added that his Government's view might be modified by comments on behalf of other Governments. Italian Deputy added little to his previous statement and indicated that his Government favoured United States provisional arrangements, leaving French proposals over for further consideration. Icelandic Deputy commented briefly that general objective should be to ensure highest measure of efficiency for common defence.

7. Alphand made no comment yesterday, and we shall not know next step until he returns from Paris in time for next meeting scheduled for Friday.

8. Chairman again referred to draft working paper which he is to circulate today setting forth the points of common agreement and disagreement. In doing so, he followed our thought in emphasizing that there was not necessarily conflict between ideas of European and NATO associations, but that these should properly be regarded as complementary to each other. Should Paris negotiations result in stronger European grouping, this would act to strengthen NATO area as a whole.

9. Norwegian Deputy raised question as to whether Paris conference would be left wholly to European participants to work out themselves, or whether it had better be held under auspices of some NATO body. United Kingdom Deputy quickly pointed out that conference at Paris would certainly not be a NATO conference, and Alphand made it clear that conference would be convened by French Government,

and that he would have to reserve his position on his Government's attitude with respect to question of liaison between NATO and Paris conference.

10. In view of atmospheric conditions foregoing summary being sent to you by cable. It is based upon fuller telegram, copies of which have already been sent by air bag to Bonn and Paris.

604. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2318 London, November [29], 1950

TOP SECRET

Reference paragraph one of my immediately preceding telegram. Following is text of my remarks at today's meeting of Deputies on problem of German contribution.

"We are impressed by the recent United States proposals regarding provisional arrangements for the participation of Germany in European defence, and give them our support. Our chief reason for doing so is the urgency of the present situation which requires us to make progress with all possible speed in the arrangements for the integrated force and the participation of Germans under appropriate safeguards in that force.

It is our feeling that the European members of NATO are more directly concerned with working out the political aspects of the arrangements for German participation, and also have more detailed knowledge of Germany than a North American country which, unlike the United States, has not had such intimate connections with German affairs since the end of the war. Our main concern is with the principal objective, which is to bring about adequate defence for the North Atlantic area in the shortest possible space of time.

In this connection we feel that we are in a position to emphasize particularly the effect which undue delay may have on North American opinion. In particular, we are concerned that any undue delay may bring about a change in American public opinion towards the whole possibility of bringing about an effective defence of Western Europe. I think that all the Deputies will agree that this is a most important factor which all Governments should keep constantly before them.

We appreciate the reasons which have led the French Government to put forward their plan for a European army, and think every opportunity should be afforded to the Governments concerned to work out its implications. This, I understand, is an integral part of the recent United States proposals. We agree with the United States Government, however, that in thus affording an adequate opportunity to work out the French proposals, there should be no delay in commencing forthwith the implementation of the military aspects of the proposal for the participation of German units in the integrated force. We hope that attitudes will be sufficiently

flexible so that if it should prove not be practical to work out the details of the French plan within a reasonable period of time, consideration will be given to other means of affording that security against the resurgence of German militarism which France so understandably desires to avoid, a desire which indeed is shared by all of our countries.

Our discussions so far have envisaged two conceptions of means for providing adequate defence with German participation and at the same time providing safeguards against the resurgence of German militarism. We are all agreed that there should be no German national army and no German general staff. We are also approaching agreement on the size of the German units to be employed. Where we differ is that some countries feel that the necessary security can best be achieved by the participation of German units within the framework of a European army, and others consider that this security can just as well be achieved within the framework of a North Atlantic integrated force. We think that possibly too much attention has been focussed on what may now appear to us to be two opposing methods of approach. It is not for a country like Canada to say which method is better suited to the requirements, or will better meet with the approval of public opinion in the European countries. We see, however, merits in both approaches, and think that whichever approach is adopted the criterion of military efficiency should always be kept in the forefront. We recognize the considerations which have prompted the French Government to put forward proposals designed to strengthen the European association. We believe that the North Atlantic approach also has merit from the point of view of providing security against the resurgence of German militarism. The proposal for an integrated force represents a great step forward in the direction of greater cohesion of the North Atlantic community. Further cohesion would result from the adoption of the Canadian proposal for converting the Council into a Council of Governments, which we believe the treaty intended it to be. We can see the North Atlantic conception gradually developing until it emerges as an association of countries working closely together, developing close economic cooperation, and consulting continuously on foreign policy. The truth may well lie in our recognizing that these two conceptions of the European and the North Atlantic association are not really divergent, but actually closely linked together.

To sum up, therefore, we support the United States interim proposals because they afford the best chance of making immediate progress in the military sphere which is so important in the present circumstances of urgency. We feel also that they afford an opportunity of working out the details of the French plan within a reasonable period of time. The only suggestion we would make is that if it does not prove practicable to secure acceptance of the French plan within a reasonable period of time, a solution on other lines should immediately be sought. Another advantage we see in the United States proposals is that they would give an opportunity for the occupying Powers to ascertain more precisely the German attitude, which is clearly an important factor in determining which method of approach in the political sphere would eventually be adopted."

2. I am sending copies of this telegram to Paris and Bonn by air bag.

605. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2341 London, November 30, 1950

TOP SECRET. IMMEDIATE.

We have just received text of Chairman's draft report (working paper on problem of German contribution). Although it is lengthy, in view of importance of the document and the fact that you will no doubt wish to study it over the week-end, I am sending the text in full, Begins:

Introductory

1. The report of the Military Committee (M.C.30)† was considered by the Deputies and the Military Committee in consultation and has been approved as set forth in Annex "A" hereto.†

2. Certain questions considered in the report were left open for determination pending consideration of the political aspects by the Deputies. These questions have been reviewed by the Deputies and are embodied in their comments set forth below.

General Principles

3. The need for organizing and developing the collective defence of Europe is increasing rather than diminishing. The Council has already decided that the defence of Europe will require the establishment of an integrated force, under centralized command and control, composed of forces made available by participating Governments and full utilization of manpower and productive resources available from all sources.

4. From a political point of view, the Council Deputies concur in and endorse the statements made in paragraph 1 through 8 of M.C. 30, particularly that the defence of the North Atlantic area requires that Western Europe be defended as far to the east as possible, that the considerable potential of Western Germany must be denied to the enemy and secured for the North Atlantic nations, that an acceptable and realistic defence of Western Europe and the adoption of a forward strategy cannot be contemplated without active and willing German participation, and that the process of building up the total forces required must be initiated in the immediate future.

5. The Deputies have been considering the political aspects of German participation in the defence of the North Atlantic area. They are agreed that the following principles are applicable:

(a) Any system of German participation must be within the NATO structure, whether directly or indirectly;

(b) The system must be militarily acceptable and the units formed thereunder must be effective;

(c) In so far as possible, a European, as distinct from a national, spirit should be instilled in the German contingents;

(d) German units should be on a basis of full equality with units of other participating countries with which they are integrated;

(e) Recognizing that in any solution adopted some controls on Germany will be required, the solution should provide for the progressive diminution of such control over Germany to the extent that such diminution will not lead to a resurgence of traditional German militarism.

(f) The solution should provide for the rapid formation and training of German units;

(g) To make rapid progress, existing organizations and agencies should be utilized in the initial phases, without prejudicing the development of effective permanent institutions which can assume the necessary responsibilities;

(h) The solution adopted should be flexible and subject to modification in the light of experience.

6. In reviewing the military and political aspects of the problem the Deputies are convinced that concurrent solutions cannot be found to all the questions presented. While work proceeds toward the solution of the political aspects of the problem, certain measures, upon which there already exists a large measure of agreement, can and must be taken immediately. This conviction dictates the use of provisional measures during a transitional period. The purpose of such a transitional period would be:

(a) To permit the essentials of the military organization to proceed immediately;

(b) To proceed with recruitment of German manpower and production of material under provisional arrangements pending development of a more permanent system; and

(c) to enable the broader political problems to be dealt with concurrently but apart from the urgency of initiating military measures.

These provisional arrangements would be progressively superseded as and to the extent that permanent mechanisms, either military or political, were developed which would be effective to discharge the various responsibilities.

Political Aspects of Military Question

7. The Deputies are agreed on the following recommendations on those military questions left open for determination pending consideration of the political aspects;

(a) *Size of German formations*: (German formations should be the smallest completely balanced units as determined by military considerations).

Note: The size of German units should await consideration of the final report of the Military Committee.

(b) *Air units*: The German contribution should include appropriate air units for defence of Western Germany and support of German ground units. Such air units would be within the integrated air components of the Supreme Commander.

(c) *Conscription or voluntary enlistment*: The Deputies consider that this problem should be determined by the German authorities. There is no political objection to a conscription system for German units. In fact, conscription may give a more democratic and less traditionally militaristic character to these units. In general, the action of the German Federal Republic should be governed by the recommendations of the Military Committee as endorsed by the Deputies with regard to military service.

(d) *Contribution of German production*: Subject to the safeguards set forth in Annex "A",† the Deputies consider that German production should contribute to the greatest extent possible to the support of the German contribution, and to such other phases of the common defence as may be reasonable and within her capabilities. The nature and size of the contribution required of the German armament industry should be recommended by the appropriate agencies of NATO.

Until other arrangements are adopted the safeguards on production will continue to be exercised by the occupying authorities. There must, of course, be close cooperation between this agency and the Defence Production Boards of the NATO.

(e) *Plans for raising and preliminary training of German forces*: The Deputies agree that the detailed plans for the raising and preliminary training of German forces should be made by the occupying authorities in concert with the Supreme Commander and appropriate German authorities after the initial discussions with the Germans have clarified the overall problems.

(f) *Internal organization in Germany*: The Deputies have discussed various aspects of the internal defence organization in Germany. They recognize that a final determination must be made in conjunction with the German authorities. German internal organization will also depend to some extent on the nature of any political defence structure which evolves in Europe and in NATO. The Deputies consider than an inter-Allied agency is not an acceptable substitute for a German organization. Whether or not these functions should be performed by one or more German agencies should be determined after discussions with the German authorities. It is generally agreed that:

(1) The organization should be capable of fulfilling its functions effectively and rapidly;

(2) The functions to be performed by such organization would be limited to prevent the development of a powerful Defence Ministry;

(3) To insure against the possible re-creation of a general staff, operational, planning and intelligence functions above the level of authorized units should not be established in the German defence structure.

The Deputies consider that the enforcement of the safeguards, as set forth in Annex "A", should be the responsibility of the Occupying Powers. The enforcement of those safeguards can be progressively transferred to the appropriate European or NATO agency if and to the extent that this should later be considered advisable, or relinquished as the need for them ceases.

Political Questions

8. The Deputies recalled that the Council in its resolution of September 26th, 1950, (C5-D/11-Final) stipulated that the integrated force should be organized under the North Atlantic Treaty Organization and be subject to political and strategic guidance exercised by the appropriate agencies of the North Atlantic Treaty.

9. The Deputies have considered the French proposals that there be included within the NATO framework a European army subject to European as well as NATO political guidance. They are agreed that any such institutions, if and when created, must

(a) Strengthen the North Atlantic community and the integrated defence of the North Atlantic area;

(b) Be integrated into the NATO framework;

(c) Promote the closer association of the countries of Western Europe and tie Western Germany more firmly to the West.

10. The creation of a European defence structure raises problems which require profound and mature consideration, and which cannot be adequately solved in haste. If fully adequate and lasting solutions are to be found, such problems should be considered on their merits and free from the pressure of initiating military measures. Furthermore, it could not realistically be expected that these solutions, even if agreement upon them were quickly reached, could attain adequate development in time to serve as a framework for the rapid initiation of effective military strength.

11. The Deputies consider that the European Powers which wish to participate (including the German Federal Republic) and observers from other NAT Governments, if the latter desire to be so represented, should be convened to consider the French Government's proposals for an European army and the attendant supporting political institutions. To the extent that agreement is reached by the European Powers upon such arrangements, and they are developed to the point where they can create and support effectively military forces of a European rather than a national character, suitable for integration into NATO, these arrangements will be placed progressively into operation and can then supersede the transitional arrangements. The final test of all such arrangements must be whether, in the judgment of NATO, they are militarily effective and serve to strengthen the North Atlantic community. The transitional arrangements shall continue in effect until replaced either by the arrangements so agreed upon or by other arrangements adopted by the NATO in the light of experience. Assurances should be given to the German Federal Government that they would have full equality in the discussions concerning the political superstructure for Western European defence and equality of treatment of German units in the integrated force.

12. Consideration of these political problems must not delay the prompt initiation of those military measures upon which agreement has been reached by the Military Committee and which can be initiated forthwith. The Deputies consider that the Allied occupation authorities in Germany should be authorized, on behalf of the parties to the North Atlantic Treaty, to discuss with the German Federal Government the question of German participation in Western European defence along the

lines set forth in Annex "A". The principles enunciated therein and in this document should guide the occupation authorities. The object of these discussions should be to secure the earliest possible recruitment and training of German formations for the integrated defence force. The German Federal Government should also be informed of the desire of the NATO members to maintain flexibility in such provisional arrangements as may be agreed upon so that appropriate modification can be made in the light of experience.

13. Definitive solutions of the various segments of the problem gained by German participation would be facilitated by actual experience in working under provisional agreements for a period after the Supreme Commander has been appointed and in dealing with the practical problems involved in developing an integrated force for the defence of Europe, including German formations. They consider this a matter of primary importance for the rapid solution of both the short-term and long-term problems.

Conclusions

The Deputies, therefore, submit the following conclusions:

(1) The report of the Military Committee constitutes an acceptable basis, from the political aspect, for German participation in the defence of Western Europe.

(2) The political climate in Germany is deteriorating to the detriment of German willingness to cooperate in the European defence effort.

(3) Consideration of the political superstructure and a European army for Western European defence proposed by the French Government should not delay the prompt initiation of those military measures upon which agreement has been reached.

Recommendations

The Deputies therefore recommend:

(1) That this report and Annex "A" thereto be approved.

(2) That the Allied occupation authorities in Germany should be authorized, on behalf of the parties to the North Atlantic Treaty, to discuss with the German Federal Government the question of German participation in the defence of Western Europe in accordance with this report and Annex "A" and be requested to report the results of such discussions and the steps taken to initiate German participation in accordance therewith.

(3) That the European Powers which wish to participate (including the German Federal Republic) and observers from other NAT Governments, if the latter desire to be so represented, should be convened at the invitation of the French Government to consider its proposals for a European army and its attendant political institutions. Ends.

606. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2363 London, December 4, 1950

SECRET. IMMEDIATE.

DEPUTIES MEETINGS, DECEMBER 1ST AND 2ND

The Chairman's draft report, in the form of a working paper (Document D-D/196 revise) was considered by the Deputies December 1st and 2nd, and discussion is to continue to-day. This document is not having a very calm voyage, and it remains to be seen whether an interim basis for a German defence contribution can be agreed. Some progress was made Saturday afternoon by a drafting group of Deputies and officials of the United States, United Kingdom, France, the Netherlands, Belgium and Canada, in producing a re-draft of the Chairman's working paper, and this re-draft† will go before the Deputies to-day. Since we are almost in continuous session and since the document is still subject to modification this message will deal only with the principal points raised in our discussion so far drawing attention to textual changes only on matters of importance.

2. When consideration of the draft report began Alphand indicated at the outset that he could discuss it only on the basis of a "general reserve". He agreed that the working paper, which he described as the "Spofford Plan" represented a departure from the United States interim proposals (Document D-D/190) which in themselves were far removed from the position of the French Government which had given its solemn pledge in regard to the principles of German re-armament to the French Parliament and people. The Chairman's working paper was a "backward step" and failed to make any real concessions towards the French point of view. It would not be possible for him to indicate the final views of the French Government pending the receipt of firm answers to a number of questions:

(1) Did the Deputies agree that the size of German formations should be limited to the regimental combat team?

(2) During the interim period, would the proposed regimental combat teams be attached to existing allied divisions, and not serve as independent units?

(3) Was it admitted that the controls during the interim period would only be relaxed to the extent to which they were superseded by the definitive controls envisaged in the French plan?

(4) In view of the rumours concerning possible four-Power talks, and future changes in the international situation, what provision was being made for flexibility in the present plan for a German contribution?

(5) What would the NATO policy be in the event that the Germans did not accept these interim proposals?

Alphand said that even if firm answers were forthcoming, it would be impossible for the French Government to take a definite position until an early meeting of Cabinet and he thought it unlikely that this could be held until early this week. Hoyer Millar pointed out that in view of Mr. Attlee's impending departure for Washington, it was of the greatest importance that the French Government's views should be made known at the earliest possible date.

3. Without replying at once to Alphand's questions, Spofford suggested proceeding through the working paper and trying to meet the French points as they were related to its relevant provisions.

4. The ensuing discussion made it clear that Alphand was prepared to go along with the provisional arrangements providing the French position was met in three principal respects:

(1) That there should be a clearly stated relationship between the formation of German units and the establishment of a European army;

(2) That the military controls set out in the Military Committee report M.C.30† should only be relaxed progressively and to the extent to which "permanent solutions" were reached; and

(3) That the regimental combat team or brigade group should be the accepted unit of the German formations. In addition, he said he had no instructions on the question of German air units. Finally, it was also clear that Alphand wished to see rather more enthusiasm for the French Government's proposal to call a conference to discuss the French plan.

5. Thus the sections of the Chairman's working paper which gave rise to the greatest difficulty were paragraph 5(e) (progressive diminution of controls); paragraph 7(a) (size of German formations); paragraph 7(b) on a German air contribution, and paragraphs 8-11 dealing with political questions.

6. In the discussion on 5(e), the essential problem was to reconcile the French view that controls on Germany should only be relaxed to the extent to which they were replaced by an institutional framework (on the lines of the French plan), and the practical objection of the United Kingdom, the Netherlands, and several other Deputies that since the European army and its attendant institutions might take a long time to develop, or indeed might not develop at all, the diminution of controls on Germany should

(1) Not be rigidly tied to the French plan, and

(2) Should take German defence cooperation into account.

Alphand pressed his point of view, and at one point said that if there were no link established between the relaxation of controls and building the permanent mechanisms, Germany, he warned, would be in the NATO within six months. To meet the French view, Spofford produced a new draft of this paragraph which was accepted by Alphand. Paragraph 5(e) now reads as follows:

"Recognizing that in any system adopted some controls such as those set out in the Military Committee report will be required, the system should provide for the diminution of such controls only to the extent that permanent institutions into which Germany is integrated have been developed, or, failing the development of

such institutions, after account has been taken of the extent to which effective, positive safeguards have been established. In either event account should be taken of the extent to which the German Federal Government is cooperating in the general defence effort."

7. The acceptance of the new draft of paragraph 5(e) made the passage of paragraph 6 easier, and this paragraph was approved with minor drafting changes.

8. The next difficulty arose over paragraph 7(a), dealing with the size of German formations. The Chairman's original working paper had contained only a note that "German formations should be the smallest completely balanced units as determined by military considerations", and that the size of German units should await consideration of the final report of the Military Committee. Alphand said that he had informed his Government on the basis of the Military Committee's report and discussions in the Deputies that the regimental combat team or brigade group would be acceptable, and he pressed for a firm decision on this point. The United Kingdom and United States view, however, was that since the transitional period might be longer than the French anticipated, provision should be made so that the military authorities, should the need arise, could proceed to group these regimental combat teams into divisional formations. Alphand was not prepared to leave this decision entirely to the military authorities. This was clear from his reply to a question from Hoyer Millar as to how long German units should be restricted to regimental combat size. Alphand replied "until *we* decide to the contrary". In an effort to meet the French position, Hoyer Millar then proposed a draft, which Alphand promptly accepted. Spofford, however, could not accept the United Kingdom draft without further consultation with United States service advisers, and later submitted a United States alternative text. Both texts have been included in brackets in the revised report going before the Deputies to-day. The United Kingdom text is as follows:

"for political reasons the size of German formations to be constituted should not exceed that of regimental combat-teams. However, when these regimental combat-teams are formed and trained and if by then no decision has been taken to form a European army, the question of the manner in which these regimental combat-teams shall be used must be determined in the light of political as well as military considerations at the time, due weight being given to the views of the supreme commander."

The United States alternative text is as follows:

"Taking note of the statements of the military committee in paragraph 19 of its report and taking into account political considerations, the Deputies consider that the size of German formations should initially be limited to regimental combat teams or brigade groups. However, when such German units are formed and trained, the question of the manner in which these units shall be combined into divisions shall be determined in the light of the military and political situation existing at the time, giving due weight to the recommendation of the supreme commander."

You will note that the principal difference in the United Kingdom and United States texts is that the United States text included the phrase "should *initially* be

limited to regimental combat teams or brigade groups", and also includes a reference to "divisions", which is glossed over in the United Kingdom text. Both texts agree in emphasizing that subsequent determination of the size of units shall be made in the light of political as well as military considerations existing at the time, with due weight being given to the views of the supreme commander.

9. With regard to paragraph 7(b), dealing with German air units, Alphand and the Danish Deputy indicated that they had no instructions. The United Kingdom, Norwegian, Italian, Luxembourg and Portuguese Deputies accepted the Military Committee's recommendation on this point. The Belgian Deputy said that while his Government was not favourable to the principle of a tactical German air force, they would make no objection should the military authorities consider that such air units were required. The only other modification in paragraph 7(b) was the substitution of the word "command" for the word "components" in the second sentence of the paragraph.

10. With regard to paragraph 7(c), dealing with conscription or voluntary enlistment, with the exception of the United Kingdom and French Deputies, it was clear that the majority of the Deputies favoured the principle of compulsory enlistment. Since it was clear that this problem would have to be determined by the occupying Powers after consultation with the German authorities, however, it was decided to delete everything in the paragraph with the exception of the first sentence, which now reads: "The Deputies consider that this problem shall be determined by the Occupying powers after consultation with the German authorities". It was also agreed that this question should be discussed fully with the Military Committee.

11. Paragraphs 8 to 12 of the Chairman's report dealing with political questions also gave rise to difficulty. Behind the specific points which Alphand raised, the fundamental divergence of view between the French political conception and the views of other European NATO members was clearly visible. This divergence had emerged earlier during the discussion of paragraph 5(c) which referred "to the need to instil into the German units a European rather than a national spirit". This was objected to by the Netherlands Deputy, who talked of the need for a "NATO" spirit. My view, however, was that in the light of the general character of this reference this was clearly a place where Alphand was deserving of support, and the French view was generally upheld.

12. The divergence emerged even more clearly in the discussions on paragraphs 9, 10 and 11, when it was made clear by the interventions of the Norwegian, Netherlands and Portuguese Deputies that they felt the Chairman's draft had gone further than they were prepared to go in supporting the French proposal to convene a conference to examine the question of a European army. It was their view that the text, as originally drafted, implied an acceptance of the *principle* of the European army and its attendant institutions, to which they could not commit their Governments. The views of this group may be summarized by a reference to the comment of the Netherlands Deputy that while there was no objection to the French proceeding with their scheme, the Deputies had made no recommendation one way or the other. It had been agreed to proceed with the preliminary military measures, leaving the way open for the development of institutions either on a European basis, or

if this should not prove workable, on a NATO basis. The Norwegian Deputy finally produced the following re-draft of the first sentence of paragraph 11, reading as follows:

"The Deputies take note of the French Government's intention to call a conference of the countries (including the German Federal Republic) which wish to participate in a European army. The Deputies feel that they should keep themselves informed of the progress of the conference, and should in due time consider the recommendations made there from a NATO point of view".

While this re-draft was agreed, it was obvious that Alphand was far from satisfied, and when the drafting group was subsequently considering this particular paragraph, the French representative reserved his Deputy's position. It may therefore be expected that Alphand will return to the charge on this point to-day, and will try to get a stronger endorsement of the French Government's proposal.

13. The only other substantial change in paragraph 11, made at Hoyer Millar's suggestion, was that the final sentence of the paragraph dealing with the assurances to be given to the German Federal Government should be deleted. This was agreed on the grounds that it was essentially a matter for the French Government to work out with the German authorities.

14. It was also agreed to insert, as a separate paragraph, a reference to the Deputies having noted the Netherlands suggestion of a NATO High Commissioner. The drafting group incorporated this reference as a new paragraph 9 in the draft report, the subsequent paragraphs being re-numbered accordingly.

15. At Hoyer Millar's suggestion it was agreed to delete the last sentence of paragraph 12 beginning "the German Federal Government" on the grounds that it would be bad tactics to suggest to the Germans that the provisional arrangements were "flexible".

16. It was agreed that the sections headed "conclusions" and "recommendations" should be merged in a single section of recommendations, and to delete paragraphs 2 and 3 of the sections set forth in conclusions. The recommendations as re-drafted by the drafting group now read as follows:

"since in their opinion, the report of the Military Committee together with this present document constitutes an acceptable basis, from the political aspect, for German participation in the defence of Western Europe the Deputies therefore recommend:

(1) That the occupying powers be invited by the parties to the North Atlantic Treaty to instruct their High Commissioners in Germany to discuss with the German Federal Government the question of German participation in the defence of Western Europe along the lines set forth in the Military Committee's report and in the present document.

(2) That the occupying powers be invited to keep the other parties to the North Atlantic Treaty informed of the course of the discussions with the German authorities and the steps taken to initiate German participation.

(3) That the Council take note of the French Government's intention to call a conference of the countries (including the German Federal Republic) which wish to participate in a European army."

17. When the working paper had been gone over for the first time on Saturday morning Alphand repeated that the result would mean virtually the complete abandonment of the French position and was unacceptable. While he was shuffling his papers in a rather ominous fashion, Spofford retrieved the situation by a calm, but pointed, statement in which he pointed out that his working paper had been based on M.C.30, which was an agreed Military Committee paper, and which itself had contained a number of significant concessions from the original United States proposal. The United States had shown its willingness to compromise in several important respects, and it was only in a spirit of compromise that any progress could be made. He also expressed his personal view that there had been a tendency to fiddle while Rome burned, and he reminded the Deputies that unless a solution were found to the German problem the effectiveness of the whole NATO machinery would be in doubt. This appeal to disavow histrionics had its effect, and it was at this point that Spofford proposed the six-Power drafting group, at which some progress was made towards bringing the positions closer together on the major points I have mentioned. It was probably also useful that M. Pleven's visit coincided with our session. Although it is still too early to make predictions, I hope he will be able to reach an agreed report this week to accompany M.C.30, which will provide a basis for joint discussions with the Military Committee. The present draft report, in view of the basic divergence of view between the French position and that of other European countries, is still a very unsatisfactory document, and the path ahead is still a rocky one.

18. I am sending copies of this telegram to Paris and Bonn by air bag. Ends.

607. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2369 London, December 5, 1950

SECRET. IMMEDIATE.

DEPUTIES MEETING, DECEMBER 4TH

Yesterday's meeting took a wholly unexpected turn, as a result of statement by French "Deputy" (Alphand having flown yesterday to Paris) that in French Government's view further consideration should be given to Netherlands suggestions concerning NATO High Commissioner. According to this statement, present form of draft report was badly out of line with French position, but French Government desired, if possible, to arrive at unanimous solution, and Alphand was now explain-

ing the position to the Cabinet. French Government had expressed interest in the Netherlands proposal, and wanted further details.

2. There was only brief forewarning of possibility of this sudden development, Achilles having told us just before the meeting that Spofford had learned over weekend that French Government was afraid that their proposed conference to discuss the formation of a European army and superstructure was so lacking in support at this time that their whole plan might be jeopardized. We understand that Alphand saw Starkenborgh Sunday morning and gave him sufficient notice so that the latter was able to propose an expansion of brief reference to Netherlands suggestion in present draft report. (See paragraph 14 of my telegram No. 2363 of December 4th).

3. Netherlands Deputy submitted to Deputies expansion of present brief reference in paragraph 9 to suggestion for appointment of NATO High Commissioner in hope this would make it possible for Deputies to obtain general guidance on the principle from their Governments. The Netherlands Deputy proposed re-draft of new paragraph 9 containing following principal points:

(1) Presence of national forces of different countries in Germany would make it desirable to establish a NATO High Commissioner authorized to perform, on behalf of these forces, certain important tasks which normally belong to Ministry of Defence, Ministers of Supply, or a general staff, and distinct from responsibility of SHAPE;

(2) High Commissioner might supervise German defence agency (or agencies) and assume certain functions which cannot as yet be allotted to German agency;

(3) He should be appointed by "an appropriate Council of Ministers who should give him necessary directives". In addition to proposed re-draft of paragraph 9, Netherlands Deputy also tabled an annex listing in greater detail functions which NATO High Commissioner might perform.

4. United Kingdom Deputy also put forward proposal for a "North Atlantic Council representative", which he emphasized was not a firm United Kingdom Government proposal, had not been checked with military authorities, but represented present Foreign Office thinking. In United Kingdom draft "North Atlantic Council representative" is given the following functions:

(a) To advise the supreme commander on political problems relating to national contributions to the combined force, and to effect the necessary liaison between the supreme commander and national authorities in all political matters;

(b) In conjunction with the supreme commander, to assist the Allied High Commission in supervising the fulfilment of the conditions laid down in M.C.30† for the raising and control of German units. It is agreed that, if and when the High Commission ceases to exercise the necessary powers, the North Atlantic Council representative will assume these functions, under the direction of the Atlantic Council, and under arrangements to be agreed with the German federal authorities.

5. You will note that United Kingdom draft seeks to avoid complicating existing allied administrative machinery in Germany, and to preserve clear distinction

between functions of SHAPE and of proposed "North Atlantic Council representative". In clarification, Hoyer Millar said he envisaged this official

(1) Carrying out certain functions for all forces committed to SHAPE, not merely those in Germany;

(2) Acting as a political adviser to supreme commander on behalf of all national forces committed to SHAPE;

(3) Assuming responsibility for liaison with national Governments concerned; and

(4) Having certain specific functions in relations to Germany insofar as he might act as principal adviser to occupying authorities in carrying out their responsibility for maintenance of controls. If and when a peace treaty should become a practical possibility Allied High Commission might then be assumed by this North Atlantic Council representative. Hoyer Millar emphasized, however, that if this official were to exercise continuing powers, it would be necessary to do so with consent of German authorities, since there would be no other juridical basis for his authority. Thus, according to this proposal, North Atlantic Council representative would have certain limited powers during period when Allied High Commission continues to exercise authority in Germany, and more important powers as and when the Allied High Commission ceases to function.

6. In commenting on United Kingdom Deputy's suggestion, Netherlands Deputy made it clear that his Government could readily agree to extending task of proposed High Commissioner or "representative" to include duties on behalf of all countries participating in the integrated force, not merely those stationed in Germany. He also agreed that the NATO High Commissioner should not be a "rival" to Allied High Commission, nor should his authority impinge in any way on powers of SHAPE.

7. Spofford, who had learned of sudden shift in French Government line early Sunday, and had been in touch with Washington, was told that the United States authorities were not prepared to go along with idea of a NATO High Commissioner until there was a clearer indication of proposed responsibilities. In commenting on Netherlands-United Kingdom proposals, therefore, he said he was only in position to express very tentative views. As he saw it, the Netherlands proposal would involve the NATO High Commissioner in three principal functions:

(1) Control of defence ministerial functions;

(2) Civil affairs, including duties in connection with use of local resources and liaison with supreme commander in matters of supply, and administration, etc.;

(3) Education of troops and NCO's.

The greatest difficulty arose in connection with (1), which raised problem of control of German Federal agency (or agencies). It was difficult to establish juridical basis on which a NATO High Commissioner could operate. This basis might be either contractual (vis-à-vis German Government) or derived from authority of occupying Powers under the Occupation Statute. Basic problem would be establishing authority of proposed High Commissioner to control important functions of German re-armament. There were also difficulties relating to his relations with

SHAPE and the military command structure. Under (2) he agreed there were tasks roughly similar to those outlined in parts of Annex to Netherlands paper. Here there was a prospect of doing something on lines proposed by Netherlands Government since these were tasks which could be carried out by some allied agency responsible to the occupying Powers or to NATO. With regard to (3) according to United States practice, training schools were essentially responsibility of military authorities. Therefore, it would not be possible, in space of time available, to settle all these relationships to satisfaction of all Governments concerned, including the occupying powers. In recent discussions with McCloy[83] the latter had seen considerable difficulties in conception of a NATO High Commissioner. While Spofford felt we should not exclude possibility of a NATO High Commissioner as an ultimate solution, it was not possible to work out complex political and legal problems involved in time to meet present situation. Finally he made a brief statement on lines of his statement on Saturday, to the effect that, in present critical situation, indecision was worse than a decision to disagree, and proposed that we should conclude discussion of German problem at our next meeting.

8. At this stage Norwegian Deputy made a helpful contribution by suggesting that while we could not go into details, it might be possible to obtain views of Governments on general principle of a NATO political authority involved in Netherlands and United Kingdom suggestions. I supported this view by pointing out that while avoiding details, it might be possible to combine Netherlands and United Kingdom suggestions into a more simple statement of principle which would distinguish between (1) the occupation period, and (2) the post-occupation period, and clarify the functions of a NATO High Commissioner or representative in these two phases. In first period, prime responsibility would rest with occupying powers, whereas in the second period the NATO representative might have much broader functions.

9. The French acting Deputy reaffirmed the hope that a broader reference to the substance of the Netherlands proposal could be set out in the text of our report, and described the suggestions made as being "interesting and positive". In particular, he thought our discussion made it necessary to give more precision to the section of the draft report dealing with administration of defence in Germany, to emphasize importance of continued NATO-allied control over the processes of German rearmament.

10. It was finally agreed that there should be consultation between United Kingdom and Netherlands Deputies to produce a simplified draft for inclusion in report which could be looked at by Deputies at next meeting on Wednesday. Meanwhile, the Deputies undertook to seek to obtain the views of their Governments on the principle of a NATO High Commissioner.

11. In addition to discussion regarding a NATO High Commissioner (or North Atlantic Council representative), some further points arose in connection with other sections of draft report:

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[83] John J. McCloy, haut commissaire des États-Unis pour l'Allemagne.
John J. McCloy, United States High Commissioner for Germany.

(1) At suggestion of Belgian and Danish Deputies it was agreed that there should be a reference in paragraph 7(e) (conscription or voluntary enlistment) to fact that several Deputies had recognized the danger of applying voluntary methods in Germany, and had expressed a preference for conscription;

(2) At my suggestion it was agreed that the paragraph 3 of the recommendation (see paragraph 16 of my telegram No. 2363) should be expanded by adding the words:

"In view of the importance of the French proposals that the Council request the Deputies to keep themselves fully informed of the progress of the conference, and in due course to consider any recommendations made at the conference from the point of view of the requirements of the North Atlantic Treaty Organization";

(3) With reference to the United Kingdom and United States alternative texts of paragraph 7(a), (size of German formation), Hoyer Millar and Spofford made it clear that these texts had not been approved by their respective military authorities, and should be regarded as tentative for the present;

(4) The Portuguese Deputy was still not happy about paragraph 9 of the Chairman's original draft referring to the French proposal to hold a conference and reserved the position of his Government on the proposed European army, its integration into NATO framework, and related political institutions.

12. A drafting group of officials is to meet today to incorporate these proposed changed in report. Meanwhile, it is hoped that some progress will be made in producing an agreed draft dealing with the appointing of a NATO High Commissioner or representative. By Wednesday we shall know to what extent French Government is seriously prepared to accept a solution on these lines in interests of reaching unanimity. My feeling is that while there now seems a change of the conception of a NATO High Commissioner proving an acceptable alternative to proposal for a European Minister of Defence, the French Government have not yet abandoned their idea of a European army, although in the light of the opposition to this conception (and related political aspects of French plan) which our sessions have clearly indicated, they may be prepared to postpone action on these lines for some time.

13. The emphasis in yesterday's meeting on the importance of basing the political controls to govern a German defence contribution on a NATO framework seems to provide the only basis on which an agreed solution to our difficulties can be arrived at. The original United States reaction, however, was on the negative side and we must now await the news from Paris.

14. I am sending copies of this telegram to Paris and Bonn by air bag.

608. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2385 London, December 5, 1950

SECRET. IMMEDIATE.

Reference my telegram No. 2369 of December 5th.

Immediately before further meeting of drafting group of officials referred to in my paragraph 12, we were told by Achilles that they had received a report last night from Ambassador Bruce in Paris, and confirmed by the French representative, Burin Des Rosiers, to-day, that the French Government is still sticking to the French plan, and is not enamoured of the idea of a NATO High Commissioner. If this report is confirmed by Alphand tomorrow questions are sure to be asked about the interest which they evinced at the meeting of December 4th in the alternative Netherlands suggestion of a NATO High Commissioner.

2. Des Rosiers made no reference to the French position on the Netherlands suggestion in the drafting group and the drafting group confined its attention to minor points. It was not possible to make progress in the drafting group on the paragraph dealing with the Netherlands (and United Kingdom) suggestions pending discussions between Hoyer Millar and Starkenborgh, which might lead to a combined draft. Of the minor points considered by the drafting group the most important were the following:

Paragraph 7(b) (Air units): This was revised to read as follows: "The deputies considered this matter in the light of the recommendations contained in the report of the Military Committee, and agreed that to the extent that military considerations require, the German contribution should include appropriate air units for defence of Western Germany and support of German ground units. Such air units would be within the integrated air command of the Supreme Commander."

Paragraph 7(c) (Conscription or voluntary enlistment): This paragraph now reads: "In view of the possible dangers of a voluntary system as applied to German recruitment, several of the deputies expressed a preference for conscription or some similar system. The deputies considered that this problem shall be determined by the occupying powers after consultation with the German authorities". The phrase "as applied to German recruitment" was put in at our suggestion.

Paragraph 7(f) (Administration of defence in Germany): The first three sentences of this paragraph were re-drafted as follows: "The deputies have discussed various aspects of the defence administration in Germany and agreed that it should be of civilian character, and should remain subject to some system of allied control, irrespective of any modification of the regime of occupation. During the initial period, control will, of course, continue to be exercised by the occupying powers. The deputies recognize that a final determination of the form and functions

of the German administration must be made in conjunction with the German authorities. The Permanent German Administration, and the form of the allied control over it, will also depend to some extent on the nature of any political defence structure which evolves in Europe and in NATO". The paragraph then continues as in Document D-D/196 with various minor drafting changes.

3. Finally, the drafting group included the amendment to paragraph 3 of the recommendations which I put forward at yesterday's meeting. (See paragraph 11 of my telegram No. 2369).

4. We have just received a United Kingdom re-draft of paragraph 9 which is to be discussed later to-day with the Netherlands deputy in the hope that a combined draft of this paragraph can be agreed.

5. The text of the United Kingdom re-draft of this paragraph is contained in my immediately following telegram.†

6. I am sending a copy of this telegram to Paris and Bonn by air bag.

609. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2402 London, December 7, 1950

TOP SECRET. IMMEDIATE.

DEPUTIES' MEETING DECEMBER 6TH: GERMAN DEFENCE CONTRIBUTION

As soon as Alphand had returned from Paris the Deputies met to consider the draft report (document D-D/196 2nd revise, December 2nd)†. Before discussing the report the Chairman again drew attention to the recent press reports which have dealt, sometimes inaccurately and sometimes accurately, with the principal points of the Deputies' discussions. In particular, the *Daily Telegraph* diplomatic correspondent here has appeared to have had remarkably good sources of information. The vital importance of maintaining the security of the Deputies' discussions was emphasized, and it was agreed that the Foreign Office should be requested to provide facilities to attempt to trace the source of the *Daily Telegraph's* information. Particular reference was made to the fact that the Netherlands suggestion of a NATO High Commissioner has been given some publicity in Germany, and the German Federal Government had commented unfavourably on it.

2. In connection with document D-D/196 Alphand said that he expected the final views of the French Government within the next few hours, and that meanwhile he was very hopeful that his Government would find it possible to accept the report. At the same time, he indicated that the French Government was planning to make a communication outlining the basis on which it accepted the report, which would be transmitted to the eleven other NATO Governments either through the Deputies or

through the normal diplomatic channels. There were two points, however, on which he said his Government placed particular emphasis.

3. The first point arose on paragraph 7(a) dealing with the size of German formations. It was not possible for the French Government to contemplate any text which specifically mentioned divisional formations. Therefore while he could now accept the United Kingdom draft, he was not able, and would not be able, to accept the United States alternative draft. On this point Spofford said that he had still not got a final clearance from the United States authorities, but that he hoped that agreement could be reached on this point at today's meeting. Final action has therefore not yet been taken on this paragraph.

4. Secondly, Alphand referred to the question which he raised previously as to whether, during the transitional period, the proposed regimental combat teams would be attached to existing Allied divisions in Germany — (see paragraph 2(2) of my telegram No. 2363 of December 4th). This was a point to which the French Government attached special importance. Spofford replied that he was unable to take a firm position on this point pending the joint discussions with the Military Committee, in view of the military aspects involved. Alphand reiterated the French Government's view, but agreed to defer the question until the joint session with the Military Committee.

5. The principal matter discussed yesterday was paragraph 9, dealing with the Netherlands and United Kingdom suggestion for the appointment of a NATO High Commissioner, or representative in Germany. A proposed re-draft of this paragraph had been agreed between the Netherlands, United Kingdom and United States Deputies, and was submitted for consideration. The re-draft as presented was a considerably watered-down version of the original Netherlands proposal, and the subsequent United Kingdom redraft sent to you in my telegram No. 2386.† In particular, the reference to the High Commissioner acting in an advisory capacity to the Supreme Commander in political matters has been deleted. When I raised this point, Hoyer Millar referred to the fact that the Military Committee's report had recommended that the Supreme Commander should obtain his political guidance from the Deputies action through the Standing Group, and said that it had been thought necessary to avoid any conflicting channels for conveying political guidance. While it was not specifically stated, it was pretty clear that this deletion had been made at the request of the United States. With minor drafting changes the proposed re-draft of paragraph 9, the final text of which is contained in my immediately following telegram,† was approved.

6. The following changes were also made in the draft report:

Paragraph 3: At the request of the United States, the following sentence was added at the end of the paragraph:

"The Deputies also agreed on the great importance of resolving, as soon as possible, all other questions involved in the establishment of the integrated force".

Paragraph 7(b) — (Air Units): The French and Belgian Deputies agreed with this paragraph, from which the brackets have now been deleted. The last sentence of the paragraph was amended to read as follows:

"Such air units would be part of the integrated air forces under the Supreme Commander".

Paragraph 7(f) — (Administration of Defence in Germany): The last part of the first sentence now reads:

"Subject to some system of Allied control even should the regime of occupation be modified".

Paragraph 13: In the second sentence the phrase "to instruct their High Commissioners in Germany" has been omitted.

Paragraph 15(3): The French agree that the brackets round this paragraph could be removed. The following new sub-paragraph under "recommendations" has been added:

"The Deputies be authorized to continue their study of the proposals made in paragraph 9 of this report".

7. Following this review of the document, the Chairman said it was hoped that final action could be taken on the draft report today. Alphand took the opportunity of making it quite clear that the French Government still attached the greatest importance to the creation of a European army and was determined to continue to press its views, while agreeing with the present report.

8. Achilles told us after the meeting that Schuman had been in touch with Acheson suggesting that he send a letter to the French Government for publication, possibly after the meeting of the Defence Ministers and the Council, welcoming the French Government's proposal to convene a conference to discuss the European army, and offering to make United States observers available at such a conference. At one stage the French had sought to get an even firmer testimonial from the United States, which would have committed the United States to exerting its efforts to secure the successful conclusion of such a conference, but the United States authorities were not prepared to go this far. Mr. Attlee is discussing western defence arrangements with Mr. Truman, and the American reply had been held up pending these discussions. The United Kingdom authorities would clearly be unhappy about any step which might hint at prior acceptance of the principles of the French plan.

9. At the end of the meeting there was some inconclusive discussion about the forthcoming dates of the sessions with the Military Committee.

Spofford said that subject to confirmation today, the Military Committee would meet here on the 11th and a joint meeting could be held on the 13th. With reference to the meeting of the Defence Ministers and the Council, Hoyer Millar, who has obviously been having some difficulties with Mr. Bevin, said that his Ministers would require some time to study the proposals of the Deputies and the Military Committee. He thought this might take about ten days and would mean that the ministerial meetings might be left over until after Christmas.

10. In private conversation later, Spofford indicated that he was anxious to press forward more quickly than this, but that Acheson would probably find it difficult to get away from Washington in the immediate future. The date for the ministerial meetings is therefore up in the air at the moment. While the Council meeting will

definitely be held in Brussels, Spofford said that Marshall had proposed London for the Defence Ministers' meetings, but that he had made the counter-suggestion that both meetings should be held in Brussels, and was awaiting a final reply.

11. I am sending a copy of this telegram to Paris and Bonn by air bag.

610. DEA/50030-A-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1917 Ottawa, December 7, 1950

SECRET. IMMEDIATE.

Repeat Washington EX-2512.

Our telegram No. 1914 of December 7† and your telegrams re Deputies' discussion of D-D/196.

1. In view of the reported French acceptance of virtually [all] the U.S. proposals, a number of the more general comments which we had intended to send you today go by the board. On certain specific points, however, we can now give you our comments on the Chairman's draft report and the revisions which you have reported.

(a) As regards your telegram No. 2341 of November 30, we think the revision of paragraph 5(e) of the draft report is an improvement and we prefer the U.K. text on the size of German formations to the U.S. alternative text.

(b) As regards your telegram No. 2385 of December 5, we agree with the revised wording of paragraph 7(b) (German Air units), 7(c) (Conscription or voluntary enlistment), and 7(f) (Administration of defence in Germany).

(c) We have not given much consideration to the United Kingdom re-draft of paragraph 9, as reported in your telegram No. 2386 of December 5,† but we would have no objection to a recommendation along these lines, which on the whole we prefer to the original Dutch draft.

(d) As regards the revised paragraph 11 of the draft report concerning the attendance of non-European NATO representatives as observers at the Paris conference, we lack information as to what the position of the United States Government will be; nor do we know whether the French are anxious to have U.S. and Canadian observers in Paris. For your own information, we rather regret the decision of the U.K. not to be represented by an observer. We feel that this is perhaps carrying their attitude of detachment too far. Our own decision as to whether or not to be represented would be affected by the U S. decision, and also by the degree of importance which the French would attach to our being present. Our first inclination, however, is to consider that it is primarily a matter for the Europeans to see whether they can agree on the framework of a European army and that our presence as an observer might be superfluous.

(e) The phraseology of paragraph 11 of the draft report, and in particular the third sentence of that paragraph, implies that the final test of all arrangements must whether they are *militarily* effective in the judgment of NATO. Political judgments are surely equally important and can have as much effect in strengthening or weakening the West.

611. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2411 London, December 8, 1950

TOP SECRET. IMMEDIATE.

DEPUTIES' MEETING 7TH DECEMBER: GERMAN DEFENCE CONTRIBUTION

The Deputies had before them for final approval the draft report Document D-D/196 (3rd revise).† The Chairman submitted the following revision of the United States alternative text under paragraph 7(a) dealing with the size of German units. Quote: The size of German formations to be constituted should not under present conditions exceed that of regimental combat-teams or brigade groups. However, when these regimental combat-teams or brigade groups are formed and trained the question of the manner in which they should be used must be determined in the light of conditions at the time, due weight being given to the views of the supreme commander. Unquote.

2. Alphand who had not previously seen this text said that he would have to consult his Government, and that he hoped for an answer before the date of the Military Committee meeting. At the same time, he again raised the problem of whether or not it was agreed that regimental combat teams would be attached to existing allied divisions. It was agreed that this question should be discussed jointly with the Military Committee. Meanwhile, it would be necessary to leave the alternative texts under paragraph 7(a) in brackets.

3. Before the report was finally approved, Hoyer Millar pointed out that when the Deputies report and the Military Committee report were finalized in joint session, it would be necessary for Governments to have a look at them, and to reserve the right to make any subsequent changes and to determine the method and timing of any approach to the German Government. On this understanding, and with alternative paragraphs 7(a) still bracketed, document D-D/196 was approved.

4. In view of the fulsome press reports which had emanated from Paris following the Cabinet meeting on December 6th, the Chairman proposed the issuance of a brief press release. As originally drafted by the United States delegation the proposed release contained the following reference to subsequent discussions with the German Government:

Quote: The report developed at the joint meeting, if approved by North Atlantic Treaty Governments, will provide the basis on which the matter can subsequently be pursued by the occupying Powers, on behalf of NATO, with the German Federal Government. It will also clear the ground for the establishment at the earliest possible date of an integrated force under centralized command for the defence of Western Europe and for the assurance of peace. Unquote.

Both Hoyer Millar and Alphand pressed strongly against the inclusion of such a reference, and its deletion was agreed to. The text of the final communiqué as agreed and issued last night is contained in my immediately following telegram.†

5. I am sending copies of this telegram to Paris and Bonn by air bag.

612. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2428 London, December 9, 1950

TOP SECRET

Agreement was reached yesterday on paragraph 7(a) on size of German formations, with Alphand's acceptance of revision of United States alternative text as contained in paragraph 1 of my telegram No. 2411 of 8th December.

2. In accepting the United States text, he indicated clearly that the view of M. Moch and the French Government opposing the formation of German divisions still stood. The French Government accepted the United States text on the understanding that a final decision is reserved until the end of the transitional period.

3. So that there should be no misunderstanding, Spofford said that the interpretation given by the United States authorities to the word "used" in the second sentence of the United States text was the way and means by which the regimental combat teams could be combined with other units, and not tactical use.

Alphand had no objection to this interpretation, but emphasized the view that the larger formations envisaged by the French Government were the formations appropriate to the European Army.

4. Alphand then said that the French Government accepted the Spofford plan subject to two conditions:

(1) Agreement on Article 7(a) which had now been reached on the basis of the United States text; and

(2) On the understanding that during the interim period German regimental combat teams would not be independent, would not be under a German general staff, but would be attached (the French word was "rattaché") to existing Allied divisions.

The French Government was agreeable to this matter being referred to the Military Committee for consideration by the Deputies and Military Committee at their joint session. He made it clear, however, that acceptance of the report would depend on the Military Committee meeting the French Government views on this point, and said that a satisfactory solution of the problem by the Military Committee was an essential part of the French acceptance of the Spofford Plan.

5. In replying to this statement Spofford said that it was not possible to pre-judge the decision of the Military Committee on this point. With respect to the use of German units in the transitional period, it would be important to ensure that they were not integrated into divisions in any clandestine manner, or directly by the German Government. At the same time, the relationship of the German units to Allied divisions was a matter which would have to be considered by the Military Committee, or jointly with the Deputies. Alphand then repeated that this was a matter which the French Government regarded as of great importance. The brackets were then removed from Article 7(a) and a final version of document D-D/196 is to be issued today.†

6. This question of the attachment of German combat teams to existing Allied divisions, a solution of which on lines acceptable to the French was said by Alphand to be an essential element in their acceptance of the report as a whole, may well cause some difficulty. Privately, the United States officials here anticipate that there would be constitutional difficulties in the way of incorporating German units in United States divisions, and in any event feel that military requirements will make it necessary, at a later stage, to accept German divisional formations. Since this point is likely to be a sticky one at our sessions next week I would be grateful for your comments.

7. The following additional items were also dealt with:

(1) *Defence Production Board.* It was agreed that the terms of reference of the Defence Production Board should be considered by the Deputies next week. The Portuguese and Norwegian Deputies said that they were now in a position to agree that steps to set up the Defence Production board should go forward. Spofford said that he was still under instructions that the recommendation concerning the Defence Production Board should be approved by the Defence Committee at its next meeting, but he was authorized to go forward with the interim steps. If, for some reason, the Defence Committee should not be able to meet, the United States authorities would re-consider their position.

(2) *Canadian Proposals re Re-Organization of NATO Structure*: Spofford referred to the Canadian proposals which have already been circulated to the Deputies as raising matters of considerable importance, and proposed that our paper should be discussed at the meeting on Monday.

8. The United States group was in touch with Washington last night about the dates of the Military Committee meeting and the joint session. We were informed officially this morning that the Military Committee will meet here on December 12th and the joint session on December 14th. There is no word as yet concerning plans for ministerial meetings.

9. I am sending copies of this telegram to Paris and Bonn by air bag.

613. DEA/50154-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en France

Secretary of State for External Affairs to Ambassador in France

TELEGRAM 477 Ottawa, December 21, 1950

Repeat Bonn No. 141; London No. 1983; Washington EX-2609 (without last paragraph).

On instructions from his Government, French Ambassador here submitted a note, dated December 18, which was also given to all other NATO countries on developments related to German contribution to European defence. Main features of this note, text of which is being sent to you by air, are as follows:

(a) French Government makes acceptance of Spofford Plan and further decisions related to German rearmament conditional upon outcome of Four Power Conference;

(b) French Government reiterates its conviction that the European formula presents the real solution for the problem of German rearmament and that all North Atlantic nations have an equal interest in the outcome of the forthcoming conference in Paris to discuss creation of a European army;

(c) French Government will convene a conference at beginning of January at which "interested governments and governments of the United States and Canada" will be invited to discuss conditions leading to the creation of a European army. (You will notice that no distinction is made between participation of continental European countries and the United States and Canada to such a conference. Up until now it had been expected that French Government would invite United States and Canada only as observers. This of course may still be their intention but the point is not spelled out in this communication).

French Government also expresses hope that European co-signatories of Atlantic Pact will find their way clear to signing the Schuman Plan in near future. Please advise progress made in this field. Ends.

7e PARTIE/PART 7

RÉORGANISATION
REORGANIZATION

614. DEA/50030-AL-1-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], September 27, 1950

I am attaching a memorandum on my conversation today with Spofford.

As I mentioned to you, Spofford spoke very highly of Wilgress' contribution to the work of the Deputies. He hoped that it would be possible for him to continue even with the increasing importance which the Deputies would assume as NATO moved into the operational phase. I said that while Wilgress' responsibilities were very great, we expected to be able to have him continue for the immediate future at least. We would try to shore him up in his other duties so that his NATO work would not suffer. On his part, Spofford said that he would bear in mind Wilgress' other responsibilities and would try to avoid laying too heavy a burden upon him.

A.D.P. H[EENEY]

[PIÈCE JOINTE/ENCLOSURE]

Note du sous-secrétaire d'État aux Affaires extérieures

Memorandum by Under-Secretary of State for External Affairs

SECRET [Ottawa], September 27, 1950

NORTH ATLANTIC TREATY ORGANIZATION

This morning I had an interesting talk with Spofford, the Permanent Chairman of the Council of Deputies. We discussed a number of questions arising from the Council Meeting which adjourned yesterday, including particularly the general reorganization of NATO, the means by which the Canadian Government could obtain early guidance on the disposition of equipment and the Mutual Aid Programme and the probable course of the projected studies on production and finance.

Reorganization of NATO

The Americans are evidently very much interested in the possibility of reorganizing the Ministerial Committees so as to avoid the parallelism which you referred to during Council sessions and providing for closer integration of the Organization at its top level.

I developed, at Spofford's request, our conception of one supreme council representing governments as a substitute for three committees of Foreign Ministers, Defence Ministers and Finance Ministers. I said that, while we recognized the fact

that reorganization on this basis would be particularly applicable to countries accustomed to Cabinet Government in our sense, we thought that there would be great advantages for all if the Council became a council of governments rather than a council of Foreign Ministers. At such a council, governments might be represented by their Foreign Ministers or Defence Ministers or their Finance Ministers according to the nature of the agenda; or indeed they might be represented by two or even three Ministers. We recognized that such a solution would multiply the number of persons attending and deprive the Council to that extent of the virtue of relative smallness. Nevertheless the advantages to be gained by introducing the other Ministers into the highest body where policy was formulated seemed to us to be such that the undertaking would be well worthwhile.

Furthermore, we felt that such a reorganization would enhance the importance of the Council of Deputies. The Deputies might be accepted as deputies not only of the Foreign Ministers, but of the Defence and Finance Ministers or, better, as the representatives at the "official" level of governments as a whole. As such, they would be in a clear position of authority, able to speak for the Council and for the respective governments in directing all other agencies, military as well as civil, of the NATO.

Spofford agreed with much of what I said. He thought that eventually we might achieve a single Council of Ministers. He had been thinking as an alternative (more acceptable perhaps at this stage) of an arrangement by which Foreign Ministers, Defence Ministers and Finance Ministers would meet simultaneously in a sort of "North Atlantic Convention", perhaps twice a year. Under such an arrangement we might have plenary sessions in which all three Ministers participated, and separate but simultaneous Council, Defence and Finance meetings on the different aspects of the problems before NATO. Such an arrangement would not require any amendment to the Treaty. It would give the Defence and Finance Ministers a sense of participation. It would achieve much of what we had in mind in suggestion for our more radical reorganization.

A third possibility which Spofford has in mind is that of a functional division somewhat on the army basis as between the "G", the "A" and the "Q" sides, it being understood that the "G" side represented by the Council dealt with command, i.e. policy. Spofford did not press this and I gather that he felt that such an arrangement would not meet our fundamental objection to the division of authority between the three sets of Ministers.

Spofford asked if we would produce a paper developing our proposal of the one Ministerial Council. He is likely to attend the Defence Committee meetings in Washington beginning October 28th. I told him that you had in mind that I might accompany our Minister of Defence to those meetings. He suggested that if we could meet then (or a few days before) we might discuss this whole question in more detail; he would have a memorandum setting forth his tentative proposals by that time. I undertook to have something ready on our side for his consideration.

Spofford told me that he thought that the Council would likely meet next in December and probably in Brussels.

Provision of Canadian Equipment and New Production to NATO Allies

At Spofford's request I explained further the difficulties in the way of our disposing effectively of the divisional equipment which we have offered to NATO and, in the second place, of our deciding upon items of new production under our Mutual Aid Appropriation. As you had pointed out in the Council, we were ready to deliver equipment immediately where it was most needed; we had also provided the finance for new production. But we still awaited guidance from NATO as to where existing equipment should be sent and what new supplies should be produced.

With respect to divisional equipment in being, Spofford undertook to get after the appropriate authorities in Washington at once so that we might receive authoritative word from NATO as to where we should ship our supplies. He seemed to think that the logical destination for our divisional equipment was Holland, which had trained personnel ready to make use of it. I asked him to have word sent to our Ambassador and to Air Vice Marshal Campbell, our accredited representative to the Standing Group. I pointed out as well that we required to have some firm understanding concerning the availability of United States replacements. Spofford thought that there should be no difficulty in meeting both our requests in this matter very rapidly.

With respect to new production, the situation was more complicated. We would probably have no firm guidance until the combined production programme had got under way. Meantime, all he could suggest was that we should press the Standing Group to let us know on an *ad hoc* basis what types within the high priorities list would be acceptable to NATO countries. Spofford was frankly pessimistic about the possibility of our getting very far on this until after Christmas.

Deputies' Studies on Production and Finance

Spofford seemed well satisfied with the course of discussion at our last meeting in the Working Group of Seven. He entirely agreed that priority should be given to the study of the combined production programme and hoped that this would be completed by the end of the year so that the new executive agency could then be set up.

It is Spofford's expectation that the United States Government will name representatives with ECA experience. For the production study, he mentioned someone whose name was unfamiliar to me as their "continuing" representative and spoke of Batt[84] as coming in later to give testimony before the study was completed. What he has in mind is that opportunity should be given to those who will probably have charge of the combined production agency to criticize and comment upon the report. It was evident that he hoped that Batt would represent the United States on the combined executive agency.

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[84] William Loren Batt, ministre en charge de la mission de l'Administration de coopération économique au Royaume-Uni; représentant spécial des États-Unis auprès du Bureau de production de défense de l'Atlantique Nord.
William Loren Batt, Minister in charge of E.C.A. Mission to United Kingdom; special United States Representative to North Atlantic Defense Production Board.

I told Spofford that Mr. Howe had agreed that we should be well represented on the production study group, if possible, by someone who had experience in the last war. We expected to be represented on the combined executive agency when it was set up. He agreed that this was reasonable.

With respect to finance, I told Spofford that it was quite likely that we would be unable to provide a new expert by October 18th. We might decide to have [A.E.] Ritchie made responsible for our continuing participation and then have others, perhaps from the Department of Finance come in towards the end to criticize and comment. Spofford seemed to think this would be satisfactory. Incidentally, he told me that both Messrs. Schuman and Alphand seemed convinced that the "common fund" proposal was impractical. The French Minister of Finance remained to be convinced.

C.S.A. R[ITCHIE]
for A.D.P. H[eeney]

615. DEA/50030-AL-1-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1943 London, October 11, 1950

TOP SECRET

Following for Heeney from Wilgress, Begins: Since it is evident from the telegrams that you are now working on draft proposals for the reorganization of the North Atlantic Treaty Organization, it may be helpful if I give you the views which have been slowly emerging from my talks here with my associates in the work pertaining to the Deputies.

2. We endorse as being very necessary the proposal of the Minister that there should be one council of Ministers as the supreme directing organ for the whole Organization. Article 9 of the North Atlantic Treaty simply states: "The parties hereby establish a Council on which each of them shall be represented to consider matters concerning the implementation of this Treaty". From this it could easily follow that each country could be represented on the Council by one, two or three Ministers. The practice might be established of having the meetings of the Council attended by the Foreign Ministers and Defence Ministers of each country, with an understanding that the Finance Ministers should also attend when matters affecting their fields particularly are under discussion.

3. Under the Council would come the Deputies as the continuing directing organ for the whole Organization. On the military side there should be simply the Standing Group responsible to the Council, and when it is not sitting, to the Deputies. But in view of the limited representation on the Standing Group there should be a Consultative Committee established in Washington of the accredited representa-

tives of all the countries not on the Standing Group, who would meet with the Standing Group from time to time to discuss broader matters of a military character. Thus the provision in the Treaty for a "Defence Committee" under the Council would appear to be satisfied. Further when military questions arise of special interest to any North Atlantic country not a member of the Standing Group, the accredited representative of the country concerned should participate fully in the discussions of the Standing Group. In this way countries not on the Standing Group would be able to express their views at Standing Group level on the military questions which come under its jurisdiction.

4. On the production side we would favour the merging of the Military Production and Supply Board and its Permanent Working Staff, with a view to having it operate continuously to deal with production questions under the general direction of the Deputies. We do not favour the setting up of an executive or directorate for production matters, but think that this function could be performed by the Chairman of the reorganized MPSB. For instance, if the United States wishes to use Batt for this purpose, the simplest course would seem to be to appoint him to the MPSB, on the understanding that the United States would continue to provide the Chairman of this body. This would strengthen the present PWS and perhaps lead other countries to appoint production executives to the reorganized MPSB, which in other respects would function in a similar manner to the present PWS, but would be better qualified to take on the executive functions which are now assuming importance.

5. On the economic side we would also favour a reorganization of the existing PWS of the DFEC, so as to provide the Deputies with a group of experts functioning continuously to whom the Deputies can refer economic questions. There will still remain to be worked out the relative roles to be played by the reorganized DFEC and the Paris group of representatives of North Atlantic countries on the OEEC.

6. This plan of reorganization has the great virtue of simplicity, since it chiefly consists of reorganizing and strengthening existing bodies without superimposing new bodies which might conflict with those already in existence. You will, of course, have noted that this plan of organization implies the abolition of the existing Defence Committee, the existing Military Committee, and the existing DFEC as a Committee of Ministers of Finance. On the military side it would also imply the abolition of the European Regional Groups whose functions would be taken over by the Combined Staff of the Supreme Commander of the integrated force. Presumably, however, the North Atlantic Ocean Planning Group (perhaps with modifications to provide for a Supreme Command) and the Canada-United States Regional Planning Group would continue to function under the immediate direction of the Standing Group.

7. If such a plan of reorganization could be agreed upon, there would appear to be no need for the Deputies' Working Group of seven to set up a group of production experts to consider the production side of the Organization. On the other hand, there may still be value in the setting up by the Working Group of a group of economic experts to consider the broad economic organization of the whole North

Atlantic Treaty Organization, and particularly the relation of the Paris group of OEEC representatives of North Atlantic countries to the Organization as a whole. If, however, the division of labour between the North Atlantic Treaty Working Group of OEEC and the PWS of the DFEC, proposed in the revised "Nitze plan", were to be generally accepted now, in this case the establishment of the separate group of economic experts would seem unnecessary. Ends.

616. DEA/50030-AL-1-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1580 Ottawa, October 17, 1950

SECRET. IMPORTANT.

Following for Wilgress from Heeney, Begins: My telegram No. 1536 of October 11† and your telegrams No. 1951 of October 12† and 1943 of October 11. North Atlantic re-organization.

2. We have now completed a memorandum which has been discussed with the Departments concerned in Ottawa. Cabinet Defence Committee went over the same ground last week and I think we can now say with some assurance that our paper represents the Government's views.

3. The text of my personal covering letter to Spofford and of the memorandum are given in my immediately following messages.

4. I realize that certain questions of organization are on the agenda for the meeting of Deputies on October 18 or 19, as you reported in your telegram No. 1956 of October 13.† However, I would leave entirely to Spofford the decision as to what he does with our memorandum. Our representatives at the various meetings in Washington this week and next will, of course, be discussing some of the ideas in our memorandum but you can tell Spofford that we do not propose to show it to any other delegation until he has decided what he wants to do with it. Ends.

617. DEA/50030-AL-1-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1581 Ottawa, October 17, 1950

SECRET. IMPORTANT.

Following for Wilgress from Heeney, Begins: My immediately preceding message on North Atlantic re-organization.

Following is text of my letter of October 16 to Spofford which will confirmed by bag. Text begins:
Secret and Personal.
Dear Mr. Spofford:

When I met you in New York after the meetings of the Council we had a brief discussion of NATO organization and means which might be adopted to improve the present machinery.

I promised then that I would let you have on paper a brief development of the suggestion which my Minister put forward of a single Ministerial Council to replace the present tri-cameral arrangement. The attached memorandum is the result.

We have tried to make our paper brief and to the point. We have also concentrated on re-organization at the Ministerial level and this for two reasons — first, because it seems to us that if authority is concentrated at the top, the nature and functions of the other bits of the machine will fall into place, and second, because our ideas on the production and finance (and commodity) sides are still far from clear.

While the views set forth in our memorandum are, of course, preliminary, I am satisfied that they represent in general the kind of organization which my government feel to be most appropriate to accomplish efficiently and promptly the purposes we all have in mind for the NATO.

I am expecting to be in Washington during the meetings of the Military Committee which begin on October 24th (though I shall not, of course, attend them). I hope very much that before the Defence Committee meet we will have a further chance of discussing these problems. Meantime, because our paper was only completed today, I am sending the text of it by telegram to Wilgress, asking him to deliver it to you on my behalf. Text Ends. Message Ends.

618. DEA/50030-AL-1-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1582 Ottawa, October 17, 1950

SECRET. IMPORTANT.

Following for Wilgress from Heeney, Begins: My immediately preceding messages.

1. Following is text of our memorandum for Spofford on North Atlantic Re-organization.

SECRET Ottawa, October 16, 1950

NORTH ATLANTIC RE-ORGANIZATION

1. At its New York session, the North Atlantic Council asked the advice of the Defence Committee on a number of questions of organization relating to the establishment of the integrated force. At the same time, the Working Group of Council Deputies arranged for groups of experts to meet in London this month to study re-organization on the civil side, particularly in relation to production and finance.

2. During the Council's New York meetings, the Canadian Secretary of State for External Affairs suggested that the enlarged responsibilities in immediate prospect gave new urgency to the problem of re-organization; there were strong arguments for early simplification of the structure of the NATO, particularly at the top.

3. This memorandum sets out the Canadian approach to the problem based on two assumptions:

(a) that there is a general recognition by member governments that the increased responsibilities of the NATO now makes necessary some degree of re-organization, and that it is timely to examine the problem as a whole while certain particular aspects of it are under consideration;

(b) that, if possible, any changes in the organization that may be necessary or advisable should be made without alteration of the Treaty, that is by appropriate revision of the "by-laws" of the NATO, so to speak, rather than by amendment to its "constitution". (This, we think can be accomplished by revising previous decisions of the Council and the Defence Committee).

4. Under the present structure, with three separate committees of Ministers, the problem of co-ordination is difficult, if not impossible, to resolve simply through the Council Deputies. The NATO hierarchy of Foreign, Defence and Finance Ministers does not correspond accurately to any precise division of responsibilities in the government of member countries. Further, if the present ministerial structure of the NATO is not modified, the increasing importance of production and supply

problems may well lead logically to proposals for the establishment of a fourth body at the ministerial level, to correspond with those on defence and finance.

5. The prospect of four separate committees of Ministers, each composed of colleagues of equal status in their own governments although three of the committees are formally subordinate to the fourth, emphasizes the necessity for combining all activities of the NATO under one supreme Council which would represent governments. At such a Council, governments might, according to their own domestic requirements and the nature of the agenda, be represented by one or more Ministers. (Representation by Prime Ministers should not be excluded. For example, if the Council were to meet in Ottawa the Canadian Prime Minister might represent the Government of Canada).

6. We recognize that such a solution would increase the number of persons attending meetings of the Council. Nevertheless, the advantages to be gained by introducing into the highest body of the NATO where policy is formulated, Ministers directly responsible in their own governments for Defence, Finance and Supply seem to us sufficient to outweigh the disadvantage of numbers. Further, the practice of meeting in sub-committees might make Council sessions less cumbrous.

7. Such a re-organization of the Council would confirm and enhance the prestige and importance of the Council Deputies which would then emerge quite clearly as the active continuing authority of the NATO. The Deputies would no longer be merely the Deputies of the Foreign Ministers as they are now at least in form. They would also represent their other Ministers concerned with North Atlantic matters; in fact, between Council sessions, they would represent governments and be in a position to speak for the NATO. It would not seem that any new directive would be required for this development. It could be taken to follow directly from the establishment of the "Council of Governments" which we have suggested.

8. On the military side, the re-organization we have in mind would imply that the Standing Group would become directly responsible to the Council and, when the Council was not sitting, to the Deputies.

9. However, in view of the limited membership of the Standing Group, the Military Committee should be re-organized as a continuing advisory or consultative body of the Standing Group. This could be done by appointing the accredited representatives in Washington of all countries not members of the Standing Group as deputies to their respective Chiefs of Staff. This reconstituted Military Committee would then meet with the Standing Group from time to time and its new terms of reference could provide that on occasion, the Chiefs of Staff themselves could attend.

10. This redefinition of the functions of the Military Committee would contribute to a solution of the problem which the Council has asked the Defence Committee to examine, namely, establishing a close relationship between the accredited representatives and the Standing Group. The importance of this close relationship will of course become even more obvious when the Standing Group has been re-organized as, in effect, a combined Chiefs of Staff.

11. By constituting the accredited representatives in Washington as a continuing committee, the provision of the Treaty for a "Defence Committee" under the Council could be satisfied. For this purpose the name might indeed be changed.

12. Our views on other aspects of organization on the military side will be put forward during the forthcoming meetings of the Military and Defence Committees.

13. As regards the machinery best suited for the efficient and prompt attainment of NATO objectives in production and finance (and the same applies to the commodity field), we have reached no firm or precise conclusions. However, in these matters, as well, we would look to the Deputies of the re-organized Council to fulfil the co-ordinating role, rather than to the setting up of any new executive agency or agencies. As the groups of experts on production and finance will be meeting in London shortly, we prefer to wait for their recommendations on these aspects of the NATO.

14. Some of the questions that will require examination in this general field (as, for example, how best to draw on the experience of our OEEC delegations in Paris) are, we believe, chiefly of concern to the European members. Canada, of course, will be very much interested in what course is proposed.

15. In general, we feel that those studying the organization of our production and finance machinery and the relationship of OEEC to the NATO should take into account the broader problem of the general re-organization of the NATO. We believe that the suggestions on the larger problem which we have outlined above may be helpful to these particular studies.

16. Under the Canadian proposals, the Defence, Finance and Economic Committees and the Military Production and Supply Board would have to be fitted into the simplified structure. In this connection, and in order to disturb the present structure as little as possible, the permanent working staffs in London of the MPSB and DFEC could be retained and made responsible directly to the Deputies. In other words, the members of what are now the permanent working staffs, might become the Deputies' advisers on production and finance. The present DFEC and MPSB would have become redundant.

17. We realize that proposals such as we have put forward for centralizing the organization of the NATO will raise further questions which we have not attempted to answer. The locations and relationship of the Deputies and the Standing Group would have to be decided. These decisions would be of considerable importance. For our part, we would be inclined to have the Standing Group related directly to the Council and, therefore, on a continuing basis to the Council Deputies.

18. It would also be necessary to strengthen and probably enlarge to some extent the Secretariat of the Council and Council Deputies, on the one hand, and that of the Standing Group and Military Committee on the other.

19. There are a number of other questions of organization which will require early decision. We believe, however, that, if the Council is re-organized as a Council of Governments, and the lines of responsibility and authority are thus firmly and clearly settled, the solutions to these other problems will be capable of easier and more satisfactory solution.

20. The general argument for drastic simplification of the NATO machinery at this time needs no further emphasis. As the scope and scale of activity increase and we pass from the planning stage to execution, the decisions to be taken at the top level will emerge as being primarily political — that is, questions which can be dealt with only by governments and not by experts. For these reasons, we believe that the time has come to concentrate in one Council of Governments the full authority of the organization.

619. DEA/50030-AL-1-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2010 London, October 23, 1950

SECRET. IMPORTANT.

Following for Heeney from Wilgress, Begins: Your telegram No. 1580 of October 17 — North Atlantic reorganization.

1. Both Spofford and Achilles have told me how much they like your memorandum and that personally they agree in general with our approach to the problem. Both said they did not know how far the United States Government would be prepared to go along these lines, but they left no doubt that they personally gave the proposals in your memorandum their full approval.

2. Spofford left on Sunday for Washington, but he told me he would let me have a note commenting upon certain details in the Canadian proposals. I have not yet received this note, so I am sending you this telegram without waiting for it further, but will telegraph later if I receive the note today.

3. At first Spofford was so pleased with your memorandum that he was inclined to have it circulated immediately. After we had discussed the matter, however, he realized that this might be mistaken tactics and could lead to frantic telegraphing with a hardening of attitude on the part of certain Governments or individuals in those Governments. Accordingly, we agreed that the best thing was to leave the general question of tactics to discussion between you and Spofford. For this reason he hopes that you will be able to go to Washington to see him early this week.

4. There are two objectives to be accomplished. The first is to secure the agreement of the various branches of the United States Government to our proposals. In this connection Achilles mentioned that it would be useful if Wrong could give a copy of the memorandum to Perkins as soon as possible.

5. The second objective is to secure the consideration of our proposals by the organization as a whole. This presents difficulties and calls for careful consideration of tactics. The present position is that the military side of the organization is being considered by the Defence Committee and its subsidiary organs, while the civilian side is being considered by the Deputies, who have set up a Working Party

of seven for this purpose, and the Working Party in turn has set up two groups of experts, one to consider the production organization and the other the economic and finance organization. There is an overlap in that the MPSB is technically a subsidiary organ of the Defence Committee, and care will have to be taken to see that the Defence Committee do not run counter to what the production group of experts may be doing in London. I pointed this out at a meeting of the Deputies, and Spofford is very much alive to this possible complication.

6. There is another and still more delicate problem in that obviously it is inappropriate for the Deputies, who represent Foreign Ministers, to take the initiative in suggesting the abolition of the Defence Committee which is a Committee of Defence Ministers. The same applies, although to a lesser degree, to the DFEC, which is a Committee of Finance Ministers. Accordingly, it is desirable that any initiative for the abolition of the Defence Committee should come from the Defence Ministers themselves, and hence the meeting in Washington this week does present an opportunity which should not be missed.

7. Accordingly, it would seem that our memorandum should first be discussed informally with representatives of the various other countries before the meeting of the Defence Committee. For this purpose the Deputies who are going to Washington for the meeting would serve as a suitable first approach. Spofford, Hoyer Millar, Alphand and Van Starkenborgh will be in Washington. Alphand has not been in London during the recent meetings, so I have had no opportunity of talking with him, but Spofford thinks that our memorandum contains many of the views shared by Alphand. Although I discussed our ideas informally with Sir Pierson Dixon,[85] he was not present at the later meetings of the Deputies, and I had no opportunity of talking to Hoyer Millar, who has been very rushed during the few days he was in London prior to his return to Washington. I have talked matters over rather fully with Van Starkenborgh, the Netherlands Deputy, and I have told him that you would be in Washington. He is anxious to see you, and while I have not told him about our memorandum I think it would be useful if you could give him a copy after you have cleared matters in a preliminary way with Spofford.

8. I believe that with these preliminary contacts you would be able to make our views known to those who have been devoting most thought to the problem, and then you could leave it to Spofford to decide what would be the best way of advancing further the Canadian proposals. I shall let you know if anything further occurs to me during the course of the next few days. Ends.

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[85] Sir Pierson Dixon, sous-secrétaire d'État suppléant aux Affaires étrangères, Royaume-Uni; délégué par intérim auprès du Conseil de l'Atlantique Nord.
Sir Pierson Dixon, Deputy Under-Secretary of State for Foreign Affairs, United Kingdom; Acting Deputy to the North Atlantic Council.

620. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2442 London, December 11, 1950

SECRET

NORTH ATLANTIC REORGANIZATION

1. The Canadian proposals for reorganization of the North Atlantic structure were discussed today by the Deputies. I led off by emphasizing that the essential feature of our proposals was the reconversion of the Council into a "Council of Governments". I expressed the hope that discussion would be centred on this essential feature. I explained that certain parts of our memorandum had already been overtaken by events, in that the Military Committee were considering the reorganization of the military side and the Deputies had already taken steps to reorganize the production and financial and economic sides. I stressed that from the point of view of efficiency the time had now arrived to streamline the organization.

2. Support for the Canadian proposals was forthcoming from Alphand, who only expressed a doubt as to whether the Military Representatives Committee could properly be termed the Defence Committee and he thought that the technical requirements in the Treaty could be complied with by regarding a meeting of the Council at which Defence Ministers were present as a meeting of the Defence Committee. He added that he was prepared to recommend the essential features of the Canadian proposals to his Government.

3. Hoyer Millar said that the Canadian memorandum had not yet been considered by the United Kingdom Ministers, but that at the official level they were favourable to the [group corrupt] ideas. He objected, however, to paragraph 8 of the memorandum, which stated that the reorganization would imply the Standing Group becoming directly responsible to the Council and, when the Council was not sitting, to the Deputies. He said they could not agree to the Standing Group being made subordinate to the Deputies. I pointed out, in reply, that this related chiefly to political guidance rather than any interference by the Deputies with purely technical military questions.

4. This focussed the discussion for some time on paragraph 8. The Netherlands Deputy argued very clearly that in their view the Standing Group would have to be responsible to some other body, and he raised the question as to what this body would be if the Council was not in session. He compared the relationship of the Standing Group to the Council and to the Deputies as that of a national military organization to the Cabinet. He concluded by stating that he was not yet in a position to express the views of his Government on the main part of the Canadian proposal.

5. The Norwegian Deputy supported the main part of the Canadian proposal, but said that he would regard the acceptance of paragraph 8 as an essential part of the proposal.

6. The Portuguese Deputy raised doubts about the abolition of the Defence Committee and the Defence Financial and Economic Committee. The Belgian Deputy, while expressing sympathy with any proposals designed to increase efficiency, stated that he had not yet had instructions from his Government. The intervention of the Italian Deputy was along similar lines.

7. Spofford said that he had not yet received instructions from his Government on the Canadian proposals. He suggested that the question be taken up again at the meeting of the Deputies on December 13th, and that consideration should be given then to the manner in which the proposals might be brought before the Council. He said he understood it was the desire of the Canadian Government that the proposals should be discussed at the Brussels meeting.

8. During the tea interval I discussed further procedure with Spofford. He was under instructions to keep the agenda as restricted as possible in view of the fact that only two days had been allotted to the Brussels meeting. He hoped therefore I would be able to consult you about your wishes as to how the matter should be brought before the Council He implied that he would be reluctant to have a new item added to the agenda, but thought that possibly a reference could be made to the subject in the progress report of the Deputies. This would then enable you to refer to the question if you so desired, without involving the Council in a lengthy discussion. I should be glad to have your views on this point before the meeting on December 13th.

9. When we resumed after the tea interval, Spofford said we would discuss further procedure on December 13th, but that he thought any discussion in the Council on the Canadian proposals should concentrate on one Ministerial Council which would be regarded as a Council of Governments, and the relationships of the Deputies to the military side of the organization.

10. It is clear that our proposals have given rise to a fundamental issue in that the countries not on the Standing Group wish the Deputies to exercise control over the Standing Group. This will be opposed by the three countries on the Standing Group, who wish to confine the Deputies to giving political guidance to the Standing Group. I should like to know how we stand on this fundamental question. We are seeking in the Military Committee to have the Military Representatives Committee act as a means of exercising influence over the Standing Group. It is obvious that if the Deputies are given responsibility for more than political guidance to the Standing Group, the major responsibility of the three Powers for the conduct of future war will be lessened. I fear that the Netherlands objective is probably more than we can hope to attain, and that the best plan is to concentrate on effective influence over the Standing Group at the level of the Military Representatives Committee, given always the opportunity for higher political guidance by the Council and, when the Council is not in session, by the Deputies.

621. DEA/50030-A-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 1941 Ottawa, December 12, 1950

SECRET. IMMEDIATE.

Your telegram No. 2242 [sic] of December 11, North Atlantic re-organization.

1. We are gratified to know that the Canadian paper is being seriously considered by the Deputies, but we would have no desire to press its consideration by the Council unless it had general approval at the Deputy level. Indeed, we think it would be unwise to press its consideration by Council at this stage. We would not therefore ask for a separate item on the agenda.

2. All that we would ask at the meetings next week would be that governments agree to give serious and sympathetic consideration to the main proposals of our paper, particularly that concerning the Council of Governments. We would make this request on the agenda item "Deputies Progress Report" and would suggest that Deputies continue their study of the subject with a view to making recommendations at the next Council meeting.

3. With regard to paragraph 8, it should be noted that the paper was drafted before proposal for closer liaison between the Standing Group and accredited military representatives was made. Although we are not entirely happy with present text of MC22/5,† (dealing with military reorganization), we think that it goes some distance towards meeting our objections to the present arrangement whereby the Standing Group has been operating without much liaison with military authorities of other NATO countries. We think, however, that the Council, or the Deputies when the Council is not sitting, should give general political guidance to the Standing Group. We would not, therefore, wish to insist on the present text of paragraph 8. We agree with you that the U.S. and U.K. especially would be unlikely to accept a text which would give the Council or the Deputies control over the Standing Group.

622. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2480 London, December 15, 1950

SECRET. IMMEDIATE.

DEPUTIES' MEETING — CANADIAN PROPOSALS FOR RE-ORGANIZATION OF NATO STRUCTURE

Discussion on this subject was continued yesterday. At the outset the Danish Deputy said that he had been authorized by his Government to give full approval to the Canadian conception of a single Ministerial Council and abolishing the present Defence Committee and D.F.E.C. His Government also favoured making the Standing Group responsible to the Council and, when the Council is not in session, to the Council Deputies. In practice he thought this would mean that general political guidance would be given to the Standing Group by the Deputies. The Belgian Deputy associated himself with approving the central idea of a single Council.

2. The Portuguese Deputy referred to consideration being given by the Military Committee to the military aspects of re-organization, and suggested that consideration of these points of our paper might be deferred.

3. I then pointed out that we fully recognized that there would not be time at the Council for a lengthy discussion of the Canadian proposals, but that we would like to obtain the authority of the Council to have our proposals given further study in the Deputies.

4. The Chairman agreed that the military reorganization aspects which had been considered by the Military Committee were relevant, but agreed that it would be useful if, without committing Governments at this stage, the Council could be invited to give its general approval to the particular objectives of the Canadian proposals relating to the reorganization of the top structure of NATO and to continuing study being given to the proposals by the competent NATO agencies. We therefore thought it advisable to submit a brief draft resolution which was given informal approval by the Deputies. In submitting this draft resolution I made it clear that it would only be submitted at the discretion of the Canadian representative on the Council on the assumption that the Chairman's report would contain a reference to our discussion in the Deputies of the Canadian proposals. The text of the draft resolution which we submitted (and which was prepared in consultation with the United States representatives) is as follows:

Quote:

The Council

HAVING NOTED that the Council Deputies have considered the proposals put forward by the Canadian Government for the reorganization of the top structure of

NATO and the transformation of the North Atlantic Council into a "Council of Governments", and being in agreement that a simplification of the NATO structure in the interests of the effectiveness of its operation should be sought by all appropriate means,

AFFIRMS its adherence to the objectives of simplifying the structure of NATO and prompting further the effectiveness of the operations of all of its agencies;

REQUESTS that the Council request the Council Deputies and the other NATO agencies concerned to study the Canadian proposals for the reorganization of the top structure of NATO, and any other proposals designed to achieve the foregoing objectives, and to make recommendations or take appropriate action as speedily as possible. Unquote.

5. I think that the informal approval given to our draft resolution in the Deputies will greatly facilitate its acceptance in the Council, and that its approval by the Council will make it possible for us to move forward with consideration of the Canadian proposals in the Council Deputies and other NATO agencies concerned.

8e PARTIE/PART 8

PARTAGE DU FARDEAU
BURDEN-SHARING

623. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 261-50 [Ottawa], November 21, 1950

SECRET

N.A.T.O. COUNTRIES; PROPOSED STUDIES OF ECONOMIC RESOURCES

The military plans of the twelve North Atlantic countries call for increasing expenditures of money and increasing use of resources for defence. The objective is a common one but the countries differ in their abilities to provide men, equipment and supplies. Both Canada and the United States are relatively well placed to contribute some equipment without charge to other NATO countries in order that the common burden may be shared more equitably.

2. It is now proposed that a study should be made by officials of the twelve countries in order to assist in the process of burden-sharing. All the NATO countries have agreed to this study except Canada. The Canadian representatives have told the others that Canada is willing for them to proceed, and that Canada will supply factual material, but that Canadians may not take any part in the study without government authority.

3. The proposed study falls into two parts. Canadian officials are generally agreed that one part is satisfactory and the other is not. The satisfactory part of the study involves the pooling of certain past statistics and certain estimates for the coming year; these would relate to defence expenditures and how they affect national production, trade, budgetary position, etc. The unsatisfactory part of the study is more extensive statistically and appears to include matters which are political in nature rather than economic; it includes a survey of the capacity of each country to devote resources to defence and a report on what factors are to be considered important in assessing a country's ability to share in this common burden.

4. In several meetings Canadian representatives have objected to and opposed the undertaking of the second part of the study. They have pointed out that the obstacle to increased defence expenditures in all countries concerned is not only economic capacity but political willingness and capacity. However our representatives have not been able to make a single convert to their views. A question has therefore arisen whether, instead of accepting the majority decision, we should refuse to take part and simply supply factual material. The matter is set out in some detail, with some of the pros and cons, in an attached memorandum which has been before the senior officials of departments principally concerned (The Panel on Economic Aspects of Defence). Upon this Cabinet direction is now required.

5. I believe strongly that we should take part. We have played a leading and an honourable role in the North Atlantic Treaty; we should never stand apart from our allies except for the strongest reasons and for reasons that they will readily understand and accept. The present case, in my opinion, is not of great importance and if we alone stood aside from a burden-sharing study our motives would most surely be misunderstood.

6. The proposed study is not intended to supply all the answers to burden-sharing questions. It will only provide some sort of guide; a basis but not the only basis. It may turn out to be quite unimportant or impractical and, like so many reports, be pigeon-holed. If so, we would certainly have made a mountain out of a mole-hill. We may well have scruples about asking our officials to speak on political matters; but other countries are in exactly the same constitutional position and they do not share our scruples.

7. If the study turns out to be important and influential, what risks do we run if we take part?

(a) The most important risk, I suppose, is that the report may suggest we should set our defence sights or our mutual-aid sights uncomfortably high. If so, I believe we must face that issue when it arises. All the other countries are running the same risk.

(b) Another risk is that Canadian aid, relatively small in comparison with United States aid, may be regarded simply as a drop in the bucket. The proposed study is largely, although not solely, designed to meet United States needs; the United States administration requires a lot of ammunition to get mutual aid appropriations through Congress and the study will supply some of it. Thus Canada, and distinctive Canadian aid, might become submerged in a general operation between the United States of America and Europe and we would not get the gratitude or the

credit we deserve. There is, of course, a risk here; but we are surely not very likely to retain the gratitude and esteem of our allies if we maintain our present position regarding the burden-sharing study which they apparently agree to be useful not merely in relation to United States aid but as part of the general mobilization of increasing North Atlantic resources for defence of the whole area.

8. But while there are risks if we *do* take part there are also risks if we do *not* and I believe the latter are the greater:

(a) There is the risk that we will be misunderstood. Indeed it is hardly a risk at all; it is certain that other countries will believe we are holding back from the study because we are not prepared to foot our fair share of the bill;

(b) There is the risk, again almost a certainty, that the report will be less palatable and more embarrassing to us if we do not take part, merely supplying our factual material for others to present as they wish;

(c) There is the risk that, if we stand aloof, all by ourselves, we will be subjected to even greater pressures than if we took a full part;

(d) There is the risk that our work and usefulness in other North Atlantic fields may be damaged. In this regard our High Commissioner in London has written as follows regarding the proposed study: "Even if the primary purpose is to facilitate United States assistance, it is surely one of substantial interest to us; not as a recipient of United States aid but as a country in the North Atlantic area which has an interest in the improvement of the defence of that area. In any event, if this exercise is to have some connection, however remote, with eventual political negotiations regarding the defence efforts of the various NATO countries, and if those defence efforts are in turn to affect (and be affected by) NATO military planning, it is rather hard to see how participation in this particular exercise can be separated from participation in other NATO activities of more direct interest to us."

9. Accordingly, for all these reasons, I recommend that Canadian officials be authorized to take part in the proposed study.

10. I should add that my colleague, the Minister of Finance, does not share my views.

L.B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

[SECRET] Ottawa, November 20, 1950

BURDEN-SHARING IN NATO

(*Note*: On November 14th, the Economic Defence Panel discussed a memorandum on this subject, together with some supporting papers. The present memorandum contains some revisions of the original one, and stands by itself without supporting papers.)

1. In recent weeks a number of papers have been produced in NATO on the subject of burden-sharing, notably a U.K. paper on the "philosophy" involved and a U.S. paper on the economic analysis required. The proposals fall into two parts:

(a) Economic estimates to be undertaken by the Economic and Financial Working Group connected with OEEC in Paris; and

(b) A statement on the philosophy of sharing the burden.

The "Philosophy"

2. It is convenient to comment on part (b) first. In this field Canadian views found many supporters. The extreme U.K. views (which are said to be those of Mr. Gaitskell and which involve a conception of "sharing the wealth" that certainly goes beyond anything acceptable to the Canadian Government) were very greatly toned down. As it stands, this part is probably unobjectionable except for the word "multilateral" in para. 1 (B). Nevertheless, it is important to recognize that the U.K. attitude exists and also that the French proposed "pooling of resources" even before the British proposed "sharing the burden". The philosophy of the U.K. Government is, of course widely different from that of the U.S. Administration; but it so happens that the idea of "sharing the burden" happens to fit in, just at the moment, with the need of the Administration to convince Congress that the U.S.A. is not carrying virtually the whole burden itself.

How far are Economic Estimates Useful? — NATO Proposals and Canadian Objections

3. Part (a) consists of four paragraphs. It is the opinion of the Departments of Finance and External Affairs that the first two paragraphs are satisfactory. Under these paragraphs the background estimates needed for an approach to burden-sharing would be put together. They would be focussed on the expected impacts of defence expenditures in the year 1951-52 and would cover the following items in each country:

use of material and manpower;
distribution of gross national product;
budgetary and monetary position;
and balance of payments.

The study would also "describe and evaluate the effectiveness of the measures being taken or proposed to deal with these impacts." It is agreed that this work would be useful.

4. The second two paragraphs of Part (a) are not considered satisfactory. Under these the study would be extended —

(i) to assess the ability of each country to devote resources to defence, (which would necessarily involve a survey of "the sources and uses of each country's aggregate economic resources");

(ii) to report on "the importance to be attached to the various considerations" involved in burden-sharing; and

(iii) to comment on the effects and practicability of different mechanisms for transferring burdens (but *not* to propose the nature or amount of transfers).

5. The Departments of Finance and External Affairs agree that these proposals are unsatisfactory for the following reasons:

(i) A complete survey of each country's aggregate economic resources is a monumental task, only to be undertaken if it is really useful;

(ii) In fact, given the basic estimates outlined in para. 2 above, burden-sharing is a matter for political decision, not for estimation by "experts". In Canada (and, indeed, in the United States as well) the amount of aid provided will be guided at least as much by domestic needs and undertakings as by estimated overseas requirements. Hence the material outlined in para. 3 above is not only of doubtful usefulness but may become positively misleading and embarrassing;

(iii) While an international civil-service might make an objective study under para. 3 above, it is quite impossible to expect such a study from national representatives. No man on the group can put forward his country's position objectively; each is in duty bound to aid and protect his country as far as he can. Hence the report which emerges will not in fact provide a suitable objective basis for equitable burden-sharing.

Choices Before Canada

6. Canadian views, along the lines expressed in the preceding paragraph, have been put forward during the past two weeks in London, but with virtually no success. *All* the other NATO countries are ready and willing to go forward with the whole of the proposed study. Canada can participate:

(i) Fully,

(ii) Partly, or

(iii) Not at all.

7. Partial participation is really not practicable. Canada can scarcely go through the limited motions involved in para. 3 above while all the rest go through the much more extensive motions involved in paras. 3 and 4 together. Canadian representatives would be in the invidious position of supplying partial information about their own country, and approving or disapproving parts of reports, parts of chapters, parts of paragraphs, or even parts of sentences. Our representatives should not be placed in such a position. In fact, the choice lies between full participation or none at all and this choice raises more fundamental considerations than appear at first sight.

The Case AGAINST Canadian Participation

8. The chief pressure for the extensive analysis (para. 4 above) comes from the United States officials. They wish to have massive economic paraphernalia in order to support MDAA appropriations in Congress. In short, they wish to get, for MDAA purposes, the same sort of comprehensive material that they have collected in the past in Paris through OEEC for ECA appropriations. The purpose of the material is, at least supposedly, two-fold; first, to secure as large a pie as possible and, second, to serve as a guide in slicing the pie. (Actually, as has appeared in ECA and is emerging in MDAA, the pie is sliced in large measure on political considerations).

9. In the past Canada has been scrupulously careful to avoid being a beneficiary under lend-lease, ECA, or MDAA. Canada has taken all sorts of special precautions to avoid dependence on the U.S.A. and to avoid getting into the same boat as the U.K. and European countries. Similarly, when Canada has given aid to overseas countries it has been done independently in a pattern of our own, and not merely as a minor adjunct of U.S. aid. If we go in for the full-fledged U.S. exercise in burden-sharing are we exposing ourselves to two dangers: we may be exposed to the same pressures from the U.S. as if we were receiving U.S. aid and, at the same time, we may be expected by other countries to put in our Canadian two-cent's worth just as a slight premium on top of the American dollar.

10. Even if we do not share in this particular exercise, we should continue to share fully in the other work and the responsibilities of NATO. This exercise is one that is apparently necessary between the U.S.A. and the recipients of U.S. aid. We are involved neither as a giver nor a receiver; hence we do not take part in it.

The Case FOR Canadian Participation

11. The arguments for non-participation are strong; but the arguments for full participation are strong also. We ourselves may feel convinced that the extensive economic exercise (para. 4 above) is useless or even misleading; but, after full discussion of our views, we have not been able to persuade a single one of our Atlantic partners to agree with us. They are all ready and willing to go ahead, and they have all had experience of this sort of exercise in the OEEC - ECA operation. We have had no experience. What basis have we for our views that it is useless or misleading; is everyone out of step but Canada? We have already made it plain that we will not accept MDAA aid; if we went forward with the exercise, along with the others, we could also make it clear that, as in the past, our own giving would not be on the same basis as the United States — indeed, in a pinch, we had always been a good deal more generous.

12. Thus our position may not be too strong in claiming that we should stay outside the exercise. But, far more important, some very undesirable results might flow from our decision to stand apart. We would appear to flout the principles of "pooling resources" or "sharing the burden" on which France and the United Kingdom have laid such stress and to which we can, at least in a limited degree, subscribe. Moreover, if the Atlantic Pact is going to work at all it will only work if individual countries are willing to accept majority decisions. Thus we are in danger of doing serious damage to the whole fabric of North Atlantic unity, a fabric which Canada has done so much to build and strengthen. And finally, and most invidiously, our motives would never be understood; we would always be suspected of willingness to play the game only as long as it did not cost too much, of unwillingness to allow our partners even to look at the rich resources that we might be devoting to the common cause. Thus we would lose the respect and confidence of other countries and, in a measure, lose our place of influence and prestige among them.

624. DEA/50069-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 1825 Ottawa, November 23, 1950

PERSONAL AND CONFIDENTIAL

Repeat Washington EX-2390; OEEC Paris No. 21.

Following for Wilgress from the Minister, Begins: The Cabinet yesterday, as you will have learned from the Under-Secretary, approved our participation in the proposed NATO studies of economic resources although none of our early apprehensions about the wisdom or value of these studies has been removed. However, it was the general opinion that the disadvantages of participation were not nearly so great as the disadvantages of non-participation.

2. I feel sure that you have explained fully to Spofford and the other senior Americans the basis of our opposition. It is not that we have anything to hide, nor indeed, that we are apologetic for what we have done or propose to do.

3. Information received during the last day or two from Washington indicates that the Americans are themselves becoming uneasy about these studies, which are apparently being referred to in some Washington circles as "Operation Mousetrap". The "mousetrap", however, is strictly U.S. manufacture, and it is surprising that they had not realized earlier that they might be the first victims. The fact that it is a share-the-burden operation for them, and a share-the-wealth operation for others, should have given them cause to worry.

4. However, this is all water over the dam and we must now do our best to make sure that the difficulties and dangers which we have always anticipated are reduced to a minimum. It is the feeling of the Government, which I share, that while we should participate honestly in the work, we should, nevertheless, not allow ourselves to become involved in needless investigations and useless research work which would take up the time of Canadian officials here, in England and in France, who are already over-burdened.

5. May I add that your messages from London on this matter were most helpful and made the position much clearer than it otherwise would have been. Ends.

9e PARTIE/PART 9

BERLIN

625. DEA/50030-A-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

TOP SECRET [Ottawa], November 22, 1950

At their meeting in New York last September the French, United Kingdom and United States Foreign Ministers agreed that their Governments would take the following steps to maintain their position in Berlin:

(1) Build up Berlin fuel and non-perishable food stocks to one-year's supply with rationing.

(2) Reaffirm that counter-blockade measures against Soviet interference with Berlin transport will be taken in degrees commensurate with the Soviet or DDR (German Democratic Republic) interference. Direct the High Commission to prepare plans for such action at once.

(3) Request the NAT countries to cooperate in such counter-blockade action and, while it is going on, to restrict their trade with the rest of the Soviet orbit to a level at most no higher than in the period preceding the action.

(4) Strengthen Allied forces in Berlin by the assignment prior to 1 January 1951 to that garrison of additional French, British and United States units and authorize the formation of German auxiliary forces there.

(5) Make clear that the Soviet Union is responsible for any attack upon Berlin or Western Germany by the East German forces inasmuch as they are in occupation of the Eastern zone. In the event of an armed attack from whatever source, defend Berlin by force, bring the relevant provisions of the North Atlantic Treaty into effect, and present the issue to the United Nations.

For Canada the most important section of the agreement is, of course, Paragraph (5) which has the effect of bringing Western Berlin for all practical purposes into the area covered by the North Atlantic Treaty. Because of our obligations under the Treaty, we are now more directly concerned with the Berlin situation than at any time since the war. If, in the event of an armed attack on the city, the Western Occupying Powers invoked the "relevant provisions" of the North Atlantic Treaty, as they claim they would, we should presumably be morally bound to take such action as we deemed necessary to restore and maintain the security of the area.

At the end of October this agreement was brought to the attention of the North Atlantic Deputies in London with the indication that, after an exchange of views on the international situation as it affected the security of Berlin, the United States representative would propose for their consideration a resolution concerning the cooperation of North Atlantic Treaty countries in counter-blockade measures, if

and when these should be required. We have now learned that the terms of the draft resolution are as follows:

"The Deputies,

Noting the Agreement on Berlin Security arrived at by the Foreign Ministers of the Three Occupying Powers, and in particular paragraph (3) thereof,

Agree on behalf of their governments that the other NAT countries, after having being notified by the Three Occupying Powers that counter-blockade action was being undertaken, will cooperate in such action and, while it is going on, will restrict their trade with the rest of the Soviet orbit to a level at most no higher than in the period preceding the action."

Mr. Wilgress was instructed to indicate that Canada, as a member of the North Atlantic Treaty Organization, would be prepared to cooperate in any necessary counter-blockade measures.[86]

[L.B. PEARSON]

626. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2267 London, November 23, 1950

TOP SECRET. IMMEDIATE.

DEPUTIES' MEETING 23RD NOVEMBER: BERLIN SECURITY

Document D-D/180† was discussed to-day, and it was clear that there was virtually unanimous support for the United States draft resolution. In addition to the representatives of the United States, France, and the United Kingdom, support for the resolution was expressed by the Deputies of Norway, the Netherlands, Belgium, Italy, Iceland, Luxembourg, and Canada.

2. In expressing their general agreement in principle with the resolution, the Belgian and Dutch Deputies both made the point that their Governments would wish to know at a subsequent stage in further detail what the counter-blockade measures would entail, a point which was also in the minds of a number of other Deputies.

3. The principal difficulties were raised by the Danish and Portuguese Deputies. The Danish Deputy read out a lengthy declaration by his Government which, in addition to asking for further details as to the precise steps each country would be requested to take in the event of counter-blockade, raised a number of general policy questions as to whether or not counter-blockade measures were desirable. He

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[86] Note marginale:/Marginal Note:
This appears to me to be necessarily consequential of our participation in NAT. L.S. St. L[aurent] 21-XI-50.

stressed his Government's concern with the situation in Berlin, and the necessity of taking the greatest precautionary measures to ensure the localization of any conflict in the Berlin area. He also emphasized the importance which Denmark attached to its trade with areas under Soviet control outside the immediate area of the Soviet zone of Berlin, and referred particularly to Denmark's present trade with Poland, Bulgaria and Roumania. In the course of so doing, he mentioned the bilateral treaty obligations between Denmark and Eastern European countries, and the efforts to stimulate East-West trade in non-strategic items in which Denmark was participating through the machinery of the Economic Commission for Europe. It was clear from the Danish Deputy's presentation that his Government had read too much into the proposed draft resolution, and was raising questions which were difficult, if not impossible, to answer in detail at this stage.

4. Hoyer Millar cleared the air somewhat by pointing out that the three occupying Powers, in paragraph 3 of the tripartite declaration on Berlin security (Document D-D/163)† had simply faced up to a situation which might develop in the future as a result of Soviet action, and which, in addition to requiring counter-measures on the part of the occupying Powers, would require the active co-operation of the other NATO countries in order to see that in any counter-blockade action there was an undertaking to restrict their trade with the rest of the Soviet orbit to a level at most no higher than in the period preceding the action. He also indicated that the Western Commandants in Berlin were at present giving study to the possible measures which might be taken by the Soviet and East German puppet regime, and the necessary counter-measures which might be developed to deal with them.

5. The Portuguese Deputy raised, more briefly, a point rather similar to the Danish Deputy, and asked for further details about the undertaking in the resolution "to co-operate in such action", and suggested a redraft which would give a more detailed indication of the kind of action which might be taken. The tripartite representatives repeated the arguments against spelling out detailed measures in advance of knowledge of the type of situation we may be called upon to face, and the Portuguese Deputy accordingly withdrew his objections on the understanding that the minutes would record the discussion and make clear the reason why nothing beyond general agreement in principle could be accorded at this stage.

6. The Danish Deputy undertook to explain the matter further to his Government and seek instructions, which he hoped would permit him to accept the draft resolution in its present form. Because of the Danish difficulties, it was agreed that the views expressed should be noted, and that final action on the United States draft resolution should be deferred until the meeting next week.

7. In connection with the interpretation of paragraph 5 of the Tripartite Agreement, there was also a brief discussion. You will recall that this question was raised at our previous meeting on November 15th by the Netherlands Deputy, who had been authorized to express his Government's concurrence in the view that an attack on West Berlin would automatically bring into play the progressions [provisions?] of the North Atlantic Treaty. This discussion also made it clear that there was a general agreement with the interpretation of the tripartite Powers' declaration in this respect. Alphand took the view that the declaration was not an extension, but a

reaffirmation, of the existing clauses of the Treaty, and pointed out that the only modified element was the statement that the three occupying Powers had agreed in advance as to the responsibility of the Soviet Union for any attack on Berlin or Western Germany by the East German forces.

8. The United Kingdom Deputy said that the United Kingdom interpretation was based on both practical and legal grounds. From a practical point of view it was almost impossible to envisage an attack on the Western zone of Germany which would not involve the occupying Powers almost at once, while on legal grounds the position was that occupying Powers, under the occupation statute, are responsible for the actions of the German authorities in their respective zones.

9. The Portuguese and Belgian Deputies drew a distinction between a formal attack, either directly by the Soviet forces or through the intermediary of the East German forces, and a frontier incident, making it clear that while their Governments would agree that in the former instance the relevant provisions of the Treaty should be brought into effect, in the latter every effort should be made to localize the conflict. The Chairman agreed with this distinction between an armed attack and a frontier incident.

10. On paragraph 5 of the Tripartite Agreement the Danish Deputy indicated that his Foreign Minister had given his general approval, but was unable to do so formally pending consultation with the Danish Parliament, which he hoped would take place to-day. The Deputy for Iceland said he, too, was awaiting instructions from his Government on this point. The other Deputies expressed agreement with the position taken by the tripartite Powers. In view of the difficulties of the Danish and Icelandic representatives, it was agreed to defer this question until a later meeting next week.

11. This morning's discussion on Berlin security gave rise to a related discussion on NATO security vis-à-vis the press. This morning's *Daily Telegraph* had carried a report by its diplomatic correspondent indicating that the question of joint action in the event of a new Russian blockade of Berlin has been raised in the Council of Deputies. The text of the *Telegraph*'s story is contained in my immediately following telegram.†

12. Several Deputies drew attention to this serious leak, and it was agreed that it should be investigated, and that nothing further should be said to the press beyond the fact that in the course of a general discussion on Germany there was also some discussion of the position in Berlin.

13. We were told privately by a United States source that Parsons,[87] of NATO information staff, had been called up by the *Daily Telegraph* correspondent a day or two ago, and was told by the correspondent that he had obtained a report that the Deputies were discussing the possibilities of blockade in Berlin from "another source". According to this account, Parsons did his best to deter the correspondent from using the story, but had no success. There was no indication at this morning's meeting as to where the leak had occurred.

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[87] Geoffrey Parsons jr (États-Unis), Division de l'information de l'OTAN.
Geoffrey Parsons Jr. (United States), NATO Information Division.

14. I am sending copies of this telegram to Paris and Bonn by air bag.

627. DEA/50030-A-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1842 Ottawa, November 24, 1950

TOP SECRET. IMPORTANT.

Your telegrams Nos. 2267 of November 23 and 2276 of November 24.† Berlin security.

1. Deputies' discussions of document D-D/180† seems to us to raise both political and military points that we think require further consideration. Especially in the light of the leak to the press reported in your telegram No. 2268 of November 23,† it is possible that embarrassing questions may be asked in Canada, as to the extent of our commitment and as to whether we are writing a "blank cheque" for any action that may be undertaken by the three Occupying Powers in the event of blockade of Berlin.

2. We are of course prepared to commit ourselves to co-operate in counter-blockade measures of the nature of trade restrictions, but the resolution is so loosely worded it may mean more than this. An important question is what types of counter-blockade measures other than trade restrictions are contemplated? It is noted that in the discussion in the Deputies on November 23 the Occupying Powers side-stepped this question. If the counter-blockade measures contemplated include, for example, another airlift or blockade-running by motor convoys (as was proposed at one stage in the last blockade), and if we and other NATO countries are being asked in advance to commit ourselves to cooperation in such measures, the matter is clearly one which would require very careful consideration by our Governments. Furthermore such consideration by Governments would surely require knowledge of the actual measures proposed.

3. When the subject is discussed again next week, you should therefore take the opportunity to say that while we agree in principle with the U.S. resolution it should be clearly understood that we are not thereby agreeing in advance to co-operate in any specific counter-blockade measures other than the trade restrictions which the Occupying Powers might institute, and that we should of course expect to be consulted in advance before under-taking to co-operate in counter-blockade measures other than trade restrictions.

4. With respect to paragraph 5 of the Tripartite Agreement, you should say that it is your understanding of the proposed resolution that it would not extend the commitments of NATO members but would simply serve as an agreed interpretation on the application of Article 5 and 6 of the Treaty to a situation that might arise in Berlin. You should base these remarks on Alphand's view, that the proposed decla-

ration was not an extension but a re-affirmation of the existing clauses of the Treaty. In this connection, the distinction reported in paragraph 9 of your telegram No. 2267 between a formal attack and a frontier incident appears useful and we are glad to note that the Chairman has agreed with this distinction.

5. You should, of course, in your remarks take care not to give the impression that we are attempting in any way to back out of our Treaty obligations but are merely requesting clarification on these points in order to avoid possible misunderstanding.

6. We may be reading too much into the resolution but clearly we should know where we stand.

628. DEA/50030-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2416 London, December 8, 1950

TOP SECRET

DEPUTIES MEETING, 7TH DECEMBER: BERLIN SECURITY

My telegram No. 2267 of November 23rd reported the difficulties which the Danish Deputy expressed on behalf of his Government in connection with Document D-D/180.† At the outset of yesterday's discussion the Danish Deputy said his Government could now agree with the interpretation in Article 5, and emphasized the distinction between an armed attack in the general acknowledged sense and minor incidents. The Danish Government hoped for continuing consultation on the question of Berlin security.

2. The Danish Government could also accept paragraph 3 on the understanding that the NATO Governments were not bound with respect to the details of any counter blockade measures which would be worked out at a later stage.

3. The Danish Deputy then proposed amending the United States draft resolution (D-D/180) by adding to the last sentence the phrase: "in such cases where an increase would have effects contrary to the purposes of the counter-blockade". It was finally agreed that the draft resolution should not be amended, but that a reference should be made in the minutes to this interpretation of the resolution.

4. The Chairman informed the Deputies that he would shortly wish to propose for consideration certain measures regarding tele-communication measures in West Berlin. He also drew attention, on behalf of the United States Government, to the great need for rendering economic assistance to West Berlin wherever possible. A heavy burden had been placed on the occupying Powers and on the West German Government, and there had been some hesitancy on the part of certain NATO members in placing orders in West Berlin on security grounds. The security position

had, however, improved as a result of the security guarantee made public by the Foreign Ministers on September 19th.[88] The NATO Governments were invited to consider augmenting their orders in the West Berlin sector in view of the importance of the West Berlin economy. The Chairman agreed to circulate a copy of his statement on this subject.

5. In the light of your telegram No. 1842, I raised the questions whether the resolution referred to counter-blockade measures other than trade restrictions and whether it was commonly agreed that paragraph 5 of the Tripartite Agreement did not extend the commitments of NATO members but simply served as an agreed interpretation of Articles 5 and 6 of the treaty to apply to a situation that might arise in Berlin. On the first point it was again made clear that the resolution only referred to measures in the trade and economic field, and did not imply any commitment to participate in measures outside this field. On the second point, satisfactory assurances were also forthcoming.

6. On this understanding, the Resolution D-D/180 was approved.

7. I am sending copies of this telegram to Paris and Bonn by air bag.

10e Partie/Part 10

SESSION CONJOINTE DU CONSEIL DE L'ATLANTIQUE NORD ET DU COMITÉ DE L'ATLANTIQUE NORD DE LA DÉFENSE, LONDRES, LES 18 ET 19 DÉCEMBRE 1950
JOINT SESSION OF THE NORTH ATLANTIC COUNCIL AND THE NORTH ATLANTIC DEFENCE COMMITTEE, LONDON, DECEMBER 18-19, 1950

629. DEA/50069-D-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to the General Assembly of the United Nations, to Secretary of State for External Affairs

Telegram 674 New York, December 18, 1950

Secret

Following for the Prime Minister from Pearson, Begins: The feeling I get here — from my work at the United Nations, from official and unofficial talks in New York and in Washington with all kinds of people, from the newspapers and magazines I read and the broadcasts I listen to — is one of growing acceptance of the view that a general war is closer than it has been at any time since 1945, and that it will now be a miracle if it is averted. I must confess that I have myself come closer to this

[88] Voir/See *FRUS*, 1950, Volume III, pp. 1296-1299.

tragic conclusion after listening to the President's Thursday night broadcast[89] and after our discouraging efforts to negotiate a "cease fire" with Peking through the Chinese Communist representatives here. It is not so much that the Peiping people speak the tough language of Moscow and show the same brutal, uncompromising attitude. I am more frightened by their fanatical conceit in the strength and righteousness of the Communist side in every issue, and their stubborn insistence that peace can only be ensured — and they talk much about peace — if the United States mends its ways. The American position, in the face of all this, is definitely hardening, between bursts of excitement, into the mould of total preparation for and widespread acceptance of war. The President's broadcast, calm and measured as it was, confirmed that view. The stated reaction to the Chinese Communists here to this broadcast was that it merely proved what they knew all along; that the Americans wanted to fight in order to destroy Communism by arms wherever they could find it; otherwise, why would Mr. Truman talk about mobilization, a word which, to them, presaged war. They, on their part, were just as determined to protect their revolution against the American aggressors as the Russians were in 1918-1919.

2. It is equally clear by now that the United States is determined to make itself far stronger than it has ever been before in peace time, whatever the results may be. I think that there is still a very good chance that, if this increasing strength can be accompanied by wise and unprovocative diplomacy, it may prove to be an effective deterrent against war. There is, however, also the risk that, with China on the march and all of Asia restless, it may provoke the Russians to strike within the next twelve months, before the Western European defences reach a point where an easy victory is impossible. All this means that we have trying and dangerous months ahead. One aspect of this difficulty will be growing pressure on us, within and without Canada, to strengthen even further our own armed forces and our defence potential.

3. I feel quite certain that developments are rolling up which will make it necessary for us to take even more far-reaching decisions in the weeks ahead than we had to take last summer, on matters concerned with defence, finance, economic and industrial organization, and the best use of our manpower to carry out our commitments. In fact, I do not see how we can adjust ourselves to these new developments without such decisions. We will be a little clearer on this point, of course, when we get the results of the Brussels meeting, but the main problem will be one that is deeper than the Atlantic Pact, namely the impossibility of escaping the consequences of the steps that are being taken here in the direction of total mobilization; consequences which will be as important politically and economically for us as they will be in the defence field. We have certainly managed to keep an even keel in the stormy weather of the last twelve months, but it is, to my way of thinking, going to be more difficult to do that in the months ahead.

4. I hope you do not mind my putting down these random thoughts as they occurred to me here in New York. They certainly do not breathe the spirit of Christmas, but then the negotiations I am in the middle of now with the Chinese are not

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[89] Voir/See *Public Papers of the Presidents of the United States: Harry S. Truman 1950*, Document 303, pp. 741-746.

such as to make one think of Christmas. They have been depressing, almost frightening. Ends.

630. DEA/50069-D-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to the General Assembly of the United Nations

TELEGRAM 432 Ottawa, December 19, 1950

TOP SECRET. IMMEDIATE.

Repeat London No. 1970 (Important); Washington EX-2592 (Important).
Following for the Minister from Reid, Begins: In the light of the situation outlined in your own message of today's date to the Prime Minister, I thought that you might consider it your responsibility to restate and re-emphasize in Cabinet the grave danger in which the free world now stands. It is on that assumption that the draft memorandum contained in my immediately following teletype has been prepared. Some such summary but comprehensive description of the present danger should be a useful starting point, I think, for a re-examination of our defence programme and policy.

2. This paper would, of course, gain greatly in effectiveness if you could be present in Cabinet to support it. Perhaps the best time for the Cabinet to consider it might be early next week when Mr. Claxton will have returned and will be ready to make a report on the meetings of the Defence Committee and the Council of the North Atlantic Treaty Organization. His report would follow very naturally after consideration of this memorandum. On the other hand, I think it would be an advantage if the memorandum could be circulated some time toward the end of this week so that Ministers could study it. I should, therefore, be grateful to have your comments.

3. We are having the figures in the memorandum checked by the Defence Liaison Division.

4. These two messages are being repeated to Wilgress in London and to Wrong in Washington, and will be brought to Heeney's attention on his return on Wednesday. Ends.

631. DEA/50069-D-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to the General Assembly of the United Nations

TELEGRAM 433 Ottawa, December 19, 1950

TOP SECRET. IMMEDIATE.

Repeat London No. 1971 (Important); Washington EX-2593 (Important).
Following for the Minister from Reid, Begins: My immediately preceding telegram. Following is the text of the draft memorandum for Cabinet on the danger of war.

MEMORANDUM BEGINS: The present negotiations looking toward a cease-fire in Korea, important though they are, must not be allowed to obscure the extreme danger in which the free world now stands and in which it will continue to stand until it has greatly increased its forces in being. The danger will be particularly acute throughout 1951 and, indeed, until the North Atlantic medium term plan has been fulfilled.

2. By its support of the Chinese intervention in Korea, the Soviet Union has shown that it is willing to run the risk of a third world war. In such a war the Soviet Union would have initially and probably over the next two years, a preponderance of force in the conventional methods of warfare and in all likelihood would not be without a considerable stockpile of atomic weapons. In addition, the events of the last few weeks have sharply revealed the danger that, even if a third world war can be avoided for the time being, the forces of Communism throughout the world may be able to seize so many additional areas in Asia and Europe that the position of North America would eventually become desperate.

3. Nor should the danger be obscured by the differences which still separate the policies of Canada and the United States, even after the visit of Mr. Attlee to Washington. We have urged that, if possible, there should be negotiations with Communist China in order to explore the possibility of a settlement. The United States, on the other hand, has been reluctant to agree to such negotiations because it is doubtful whether the Chinese Communists will negotiate on anything but their own terms. We have been willing to see the Chinese Communists admitted to the United Nations in order to facilitate the task of negotiations. The United States, which has borne the heaviest burden of the United Nations action in Korea, has not been ready to accept into the United Nations a Government which has attacked United Nations troops. We have urged that the status of Formosa should be included among the subjects to be discussed with Peking because we believe that all Chinese, of whatever party they may be, regard Formosa as an integral part of China. The United States has insisted that the possession of Formosa is essential to the strategic dispositions they would have to make in the case of war with China. And beyond these present differences lie a number of occasions in the past five months

when our views have varied from those of the United States Administration and when we have counselled that great caution should be shown in approaching the boundaries of Manchuria and Siberia.

4. Nevertheless, in spite of these differences, there is agreement between Canadian and United States Governments on at least four fundamentals:

(a) The cause of freedom stands now in great peril;

(b) The expansion of Soviet imperialism must be stopped;

(c) The principle of collective resistance to aggression must be maintained;

(d) The main front which must be defended is Western Europe.

5. Our disagreements arise only when it is a question of deciding how these fundamental doctrines should be translated into immediate policy and action, taking into account the present military strength of the Soviet Union and its friends and satellites and the present weakness of the free world.

6. This relative weakness is most striking in Western Europe, which is the area where the initial Soviet attack would probably be made in the event of a general war. According to the best information available, the Soviet Union could at any moment throw 124 divisions into an attack across the Northern German plain through the Low Countries and France to the Atlantic. To oppose these forces, the countries associated in the North Atlantic Treaty now have only 30 divisions in Europe. Moreover there are only 4 additional divisions in North America. The disparity between Soviet air power and that of the North Atlantic Treaty countries is equally disturbing. For an attack on Western Europe, the Soviet Union could call on 7,900 planes. The North Atlantic Treaty countries, on the other hand, have only 3,500 planes at their disposal. The West is, of course, still superior in atomic weapons, and apparently in the rate of their production; but even this superiority is by now probably not nearly so overwhelming as it was only a year ago since the Soviet Union may now have a considerable stockpile of atomic bombs. Western Europe, therefore, is wide open to Soviet attack whenever the Soviet Union is prepared to run the risk of atomic bombardment of its cities and industries. It is estimated that under present conditions the Red Army could occupy Western Europe up to the Pyrenees within three months.

7. These facts are widely known, at least in outline, to the people of Western Europe and have created great anxiety. If the countries of the free world were to suffer further reverses, there is a risk that governments might be found in Western Europe willing to enter into deals with the Soviet Union. In this way Western Europe could be conquered by a creeping, rather than a blitzkrieg, campaign. The result, however, would be equally disastrous. Within a year the Soviet Union might well be in firm control of new satellite governments and also in full possession of the undamaged productive capacity of Western Europe.

8. The present military weakness of Western Europe is one of the basic reasons why we have contended that all possible steps should be taken to avoid becoming embroiled in a war with Communist China. In such a war, a decision would be almost impossible to secure. Even the atomic bomb would probably not be decisive since suitable targets are few, life is cheap and manpower virtually inexhaustible.

Meanwhile, every day that such a war lasted it would be bleeding white the inadequate resources in the West of trained manpower and military equipment.

9. Assuming that a major war with China can be avoided, it must, however, be recognized that the defeat which the United Nations have suffered in Korea makes more likely Communist attacks on other parts of Asia, the Middle East and Eastern Europe. A full-scale attack on Indo-China, in particular, must be regarded as an early possibility; and if Indo-China were lost the whole of South-East Asia, including Burma, Malaya and Indonesia with their important natural resources of rubber and tin, might well fall under Communist control. In those circumstances the position of India and Pakistan would be highly precarious, especially if a start had not been made with outside financial assistance in the process of economic development, which would have the effect of partially immunizing the poor and underfed masses of the sub-continent against the appeals of Communist propaganda.

10. Persia and the Middle East are also highly vulnerable. The Governments of Middle Eastern countries and the rivalries between them are such that there is little ground for hoping that, with the exception of Turkey, they would offer much effective opposition to armed aggression. Moreover, at the present time the Soviet Union is believed to have deployed facing the Middle Eastern area no fewer than 3,400 aircraft (in addition to the 7,900 aircraft mentioned above as being available for an attack on Western Europe). It is estimated that under present conditions the Soviet Union could occupy the whole of the Middle East within six months.

11. Another country immediately threatened is Yugoslavia. Marshal Tito's Government is facing acute economic difficulties partly as a result of the serious drought and partly as the result of the economic blockade which is being waged against Yugoslavia by the surrounding Cominform states. These difficulties provide a good opportunity for propaganda and infiltration by Cominform agents. In addition, Roumania, Hungary, Bulgaria and Albania have between them 32 divisions which could be used for an attack on Yugoslavia without committing any Soviet forces.

12. The dire contingency which has been brought clearly into view by recent Communist successes is a situation in which, either in the course of a general war or as the result of piecemeal attrition, the whole of Asia and Europe would have fallen under Soviet domination with the exception of a few islands and peninsulas such as the United Kingdom and Spain. The position of North America would then be more desperate than it was in 1940.

13. Because of their lack of forces in being, the North Atlantic Treaty countries are obliged to go as far as they honourably can in playing for time. That is one of the purposes of the present negotiation for a cease-fire in Korea. It must not be lost sight of, however, that action by Communist China or by the Soviet Union might at any time precipitate a general war.

14. The future diplomatic tactics of the United States may also be such as to increase the risk of a general war. We have not always agreed with United States tactics in the past and have brought our views forcibly to the attention of United States authorities. It should not be assumed that such mistakes as we believe the United States has made in the past few months account to any significant degree

for the present critical situation. The danger arises from the aggressive intentions of the Soviet Union and its allies and satellites. In such a delicate situation, however, any diplomatic ineptitude is costly and might be enough to touch off a general war. We will continue to make our views known in Washington in the hope that we may have some influence, along with other North Atlantic and Commonwealth countries, in urging the United States to avoid any further moves which might be regarded as provocative. It must be realized, however,

(a) that our influence in Washington will be in direct ratio with our willingness to do our full share in strengthening the military power of the free world; and

(b) that in spite of efforts which we and other countries may make, the policy of the United States may be such as to narrow the margin between peace and war.

15. If a general war is forced upon us by the Soviet Union, we will, of course, be committed to full participation alongside the United States and our other allies. For that reason and because of the dangers outlined in this memorandum, it would seem clear that the first responsibility of the Canadian Government, as well as of the governments of other free countries, must be to increase as rapidly as possible our own military strength and that of our allies, while at the same time neglecting no opportunity of reaching an honourable settlement with the Soviet Union and China. If war came, increased military strength would make us better prepared to meet it. If, on the other hand, the Soviet Union is not immediately bent on war, increased military strength in the North Atlantic area, if accompanied by wise and unprovocative diplomacy, alone could provide the deterrent which might prevent war later. In either event, a programme of rapid rearmament would seem to be an indispensable corollary of the diplomatic policy which we are now pursuing. MEMORANDUM ENDS. Message Ends.

632. DEA/50069-D-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3315 Washington, December 19, 1950

TOP SECRET

Repeat Candel New York No. 99.
Following for Mr. Reid and Mr. Pearson, Begins: Your messages EX-2592 and 2593 reached me just after I had completed a note on the same general subject as your draft memorandum for the Cabinet on the danger of war. My product is briefer and covers less ground than yours, and while it takes the same general line, the emphasis is somewhat different. It was prompted particularly by my impression that it is very important that the Governments which can make a substantial material contribution to defence against the Soviet Union should seek to reach agreement on the urgency to be attached to their effort, and that most, if not all of them

are now attaching a lower degree of urgency than the United States. The memorandum reads as follows. Text begins:

1. In North Atlantic planning the period of greatest danger was, until a few months ago, assumed to begin in late 1953 or 1954, and 1954 was the date set for the achievement of the medium-term plan. The reason for selecting this date was that the Soviet Union was unlikely to possess an adequate stock of atomic weapons until then. Thus the basic assumption was that the great United States superiority in atomic weapons and in the means for their delivery would deter the Soviet Union from open warfare so long as it lasted.

2. It may be that the estimate that it would take the Soviet Union about three years longer to build up its atomic armament was a false one, and that the Soviet Union may now, or in the near future, have a large enough stock of bombs to feel confident of their capacity gravely to damage the United States and other western countries. On the other hand, Soviet fears of atomic warfare may have declined, the atomic bomb may not be considered capable of destroying Soviet strength, and they also may have a new confidence in their capacity to intercept strategic bombers carrying atomic weapons; we know that the Soviet authorities have been working energetically on their radar network and other measures of air defence.

3. Whatever the causes, we must now advance our estimate of the period of maximum danger, expand our targets in defence production and military manpower, and increase our capabilities to engage in war, without counting on any period at all in which we shall be free from the imminent possibility of war.

4. The only safe assumption is that the period of greatest danger has already begun. The new defence efforts which have been undertaken by the United States and many other western countries since June have not yet brought about much increase in the defences actually in readiness, and certainly not enough increase to compensate for the men and equipment tied down in Korea. It will not be before the middle of 1951 that a substantial enlargement of available forces-in-being and equipment will be achieved. By that time the democratic countries should be stronger in the west than they would have been if there had been no Korean war, even if considerable forces are still tied down in the Far East.

5. The Russians may, therefore, have decided that they are now relatively in a better position for war than they will be six months hence or thereafter. Furthermore, the behaviour of the Russians towards the plans to include German forces in the defences of Western Europe supports the view that they may be manufacturing a *casus belli* which would have considerable popular appeal among the satellites, and which they could use or refrain from using at their discretion.

6. War is, of course, not inevitable. The greatest deterrent is still for the western countries to meet the threat by employing their great economic superiority and their resources of skilled manpower in such a way that the prospect is slender of eventual victory over them. This has been their purpose, at any rate since the North Atlantic Treaty came into effect, but the accomplishments have not matched the surge of increased danger.

7. The sense of acute urgency is greater in the United States than in the other North Atlantic countries. If they and their stout-hearted associates, such as Turkey

and Australia are to get on with the job and avoid unpleasant recrimination between friendly countries, and especially with the United States, agreement is essential by the Governments concerned on the assumptions on which their defence planning is based and on the general grounds on which to appeal to their peoples for greater efforts and sacrifices. Text ends.

633. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], December 21, 1950

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NORTH ATLANTIC COUNCIL AND DEFENCE COMMITTEE MEETINGS, BRUSSELS

59. *The Minister of National Defence*, reporting on meetings of the North Atlantic Council and Defence Committee held in Brussels on December 18th and 19th, said that the groundwork had been well prepared by the Council Deputies and the Military Committee, and that the meetings were marked by a spirit of harmony and a general desire to reach agreement.

At the suggestion of the United States delegation, the Belgian chairman had put forward a resolution regarding the Integrated Force which the Council adopted. This gave approval to the Defence Committee's proposals for establishment of the Force, the terms of reference for the Supreme Commander and the re-organization of the N.A.T.O. military structure to provide for the Force and the Supreme Commander. The immediate constitution of the Force and the appointment of a Supreme Commander were agreed upon, the U.S. government were asked to designate the Supreme Commander, and member countries were requested to take immediately all practicable steps to have ready, as set forth in the 1954 Defence Plan, their initial contributions to the Force on the request of the Supreme Commander, and to consider means of rapidly completing the necessary additional contributions.

The Canadian delegation had agreed to the portion of the resolution relating to contributions because, in so far as Canada was concerned, force tabulations in the 1954 Plan were subject to ultimate agreement on Canadian requirements for the North American region. This point had been confirmed in a letter of December 19th† to Mr. Spofford, who had asked members to indicate their interpretation of their commitments under the 1954 Plan in the light of the Defence Committee's approval of that Plan at its Washington meeting. Canada was obviously in a position of having to indicate soon what its contribution to the Force would be.

The United States had been expected to introduce a resolution which, *inter alia*, would ask member countries to report by January 10th, 1951 on the defence efforts they were prepared to make, would propose that the 1954 Defence Plan be implemented by 1952 and that the force requirements in that Plan be increased. They had, however, found that this would not be acceptable to other N.A.T.O. countries and the Belgian resolution had been introduced instead.

On December 18th, the Council had passed a resolution, which he had introduced, recommending to the U.S. President the designation of General Eisenhower as Supreme Allied Commander, Europe. Mr. Truman had communicated his consent on December 19th. The Council had then adopted a resolution appointing General Eisenhower and, in view of the constitutional requirements of some countries, the resolution had been signed by all the Ministers, who had also arranged to provide letters agreeing to the appointment.

Mr. Acheson had announced that the U.S. forces in Europe were being placed under General Eisenhower's command immediately and the French and British had made similar statements.

One accomplishment of the meeting had been the unanimous approval of the recommendations of the Deputies and the Military Committee on German participation in the Integrated Force as a basis for negotiations with the Germans by the three Occupying Powers.

On December 18th, the Defence Committee had agreed to the establishment of the Defence Production Board to replace the Military Production and Supply Board. It should be an improvement on its predecessor, being charged with accelerating production and furthering the use of the industrial capacities of member nations.

The question of raw materials had been raised in connection with the report of the Council Deputies and with reference to the possible establishment of a U.K.-U.S.-French allocation Board in Washington. His proposal for reference of the question to the Deputies for study had been carried.

60. *The Prime Minister* expressed the hope that there would be close liaison between General Eisenhower and the new Defence Production Board. With a view to obtaining appropriations for contributions to Western Europe, it would be desirable that Western European requirements from Canada be recommended by the Supreme Commander of the Force which was serving as a common deterrent to Soviet aggression. If individual countries were left to recommend their requirements, there could be a repetition of the criticism that had arisen over the Mutual Aid programme. The matter of raw materials was a further field in which the Supreme Commander should be in a position to coordinate efforts.

61. *Mr. Claxton* said that he thought Canadian contributions could be handled in this manner since the military side of the North Atlantic Treaty Organization would, in fact, be recommending requirements for necessary items even though it would be up to the Defence Production Board to suggest which countries had appropriate facilities for production.

Throughout the Brussels meetings, the need for early adoption of the Canadian proposals for simplification of the top structure of N.A.T.O. had been apparent. He had introduced a resolution, adopted by the Council, in which it had affirmed its adherence to the objectives of simplification and requested the Council Deputies and other agencies concerned to study the Canadian and other proposals.

The Council's discussion of the world situation had been opened by Mr. Acheson who had given an appreciation of the gravity of the situation, outlined the extensive additional defence measures being taken by the United States, and urged

that all N.A.T.O. countries increase their defence efforts to the utmost. A statement of the Canadian position was made. This indicated that, in the face of increasing threats of aggression, the Canadian government had taken substantial additional steps since June and was giving consideration to further measures; that the main lessons of Korea were that the Communists were prepared to risk a world war and that Europe must have first place in the global strategy of the free nations who should not be drawn into dissipating their resources in the Far East; that the Canadian government believed the N.A.T.O. countries must greatly accelerate their efforts to meet the goal of security, taking political as well as military factors into account; that Canada was prepared to assume its share of the added responsibilities arising from the new situation; that in view of the need for increasing and accelerating the North Atlantic rearmament programme, there would have to be a collective re-examination of the whole programme, not merely of the shares of individual countries, and Canada hoped that the new Defence Production Board would bring about the acceleration in coordination of defence production efforts, which was an essential part of an increased military programme. In this statement, which had been approved by several Ministers, it had proved unnecessary to refer specifically to new Canadian commitments under the 1954 Plan, as the United States had decided not to raise the matter in that form at the time.

The appointment of General Eisenhower could be expected to result in a speed-up of all North Atlantic activities. By summer or early autumn there should be about twenty division in Western Europe. This build-up of forces and the appointment of General Eisenhower should hasten German participation in the Integrated Force.

62. *The Secretary of State for External Affairs* said that, from his experience, responsible U.S. officials stated frankly the opinion that Canada was not aware of the seriousness of the situation and was not taking adequate steps to meet it . Many Americans were almost hysterical about the urgency of further defence measures and there was no doubt that there would be increasing U.S. pressure on Canada in this connection. Some Americans, although not the more sober members of the Administration, accepted the inevitability of a war. The Soviet Union and Communist China were probably quite sincere in their fear of U.S. aggression since they had no contact with sober opinion in Washington. In the circumstances, the next six months would be very dangerous.

63. *Mr. St-Laurent* recalled that, at the last session, he had said that the free nations should be secure if war could be avoided for a year. He agreed that the next six months would be dangerous but thought that the threatening behaviour of the Communist countries might be due to some extent to a desire to keep the rest of the world in a nervous frustrated state of mind.

64. *The Cabinet*, after further discussion, noted the report of the Minister of National Defence on the Brussels meetings of the North Atlantic Council and Defence Committee, and the suggestion of the Prime Minister that it would be desirable for Western European requirements for equipment and raw materials from Canada to be recommended by the Supreme Commander rather than by individual nations.

634. DEA/50069-D-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2531 London, December 23, 1950

TOP SECRET

Your telegrams No. 1970 and No. 1971 of December 18th reached me on return from Council sessions in Brussels, and Mr. Claxton and Mr. Heeney will have reported fully on the atmosphere and proceedings at these sessions.

2. I fully agree that an appreciation of our present situation and prospects should be made at this time, and I would have little to add from this end to the general lines of the draft memorandum given in your telegram No. 1971. It seems to me to provide a comprehensive and accurate picture, and points to the need for building up, as a matter of the greatest urgency, increased military strength in the North Atlantic area. You will no doubt wish to bring the memorandum up to date in the light of the Brussels discussions. This might be done towards the end of the memorandum and would again highlight the increased danger of war and indicate clearly the need for a more rapid build-up of economic and military strength, in order to deter aggression or to prevent defeat in war. Something along the following lines might be appropriate:

The new defence efforts which the North Atlantic countries undertook to make in August this year have not yet brought about a very large increase in the military strength of the North Atlantic Treaty countries. The greater part of the increases in defence strength has been diverted to Korea and in Western Europe there has been no significant increase in our ability to resist aggression. The action of the North Atlantic Council in appointing a Supreme Commander for Western Europe and the decision to include German forces in the integrated force under the Supreme Commander could be considered as a *casus belli* by the Soviet bloc. Whether this is so or not, it is possible that the USSR may well believe that the North Atlantic Treaty Powers are determined to build up sufficient forces quickly to deter Soviet Imperialism, and as such it might be tempted to wage war in the near future in order to prevent the free world attaining the position where it could check Soviet Imperialism by the threat of effective force.

Events of the last few months indicate the Soviet Union is willing to run the risk of a third world war, and we must now advance our estimate of the period of maximum danger from the previous planning [figure] of 1953-54 to 1951-52, and the North Atlantic Treaty countries must take immediate action to expand defence production and build up their military forces, particularly in Western Europe.

3. I realize you will be checking with the Chiefs of Staff Committee the military strengths shown in your paper. In addition, I think it might be advisable to ask them to estimate the effective value of the number of formations. I doubt if the 30 divi-

sions mentioned in para 6 of your telegram have anything like the strength of one nationality under the control of a single commander. Of the 30 divisions, some 15 are Italian of questionable morale and fighting quality, and of these some are low establishment divisions and are located far from the North German plain. The one Norwegian and one Danish division are not fully organized, equipped, trained, and are not in a suitable geographic position effectively to intervene in resisting an attack on Western Europe. One and one-third Belgian and one and two-thirds Netherlands divisions are not yet equipped and trained. The present position was probably fairly accurately given by Field Marshal Montgomery in August when he stated that of the 10 divisions available for the defence of Western Europe, only two were fit to fight.

4. On the other aspects in view of the character of your appreciation it may be that in paragraph 3 too great emphasis has been given to the particular position of Canada in considering the differences which separate us from the United States, and that in a general appreciation of this kind, it might be preferable to make it clear that the views attributed to Canada in this paragraph are shared by a great many other countries. As a matter of presentation, perhaps it would be advisable to extract the specific references in the general memorandum referring to the implications for Canadian Government policy, and to include these references in a supplementary memorandum assessing the Canadian position from the point of view of: (1) Our contribution to date to the defence of the North Atlantic area and to maintaining stability in the other critical areas in which we are concerned; and (2) The further steps which Canada should now take to increase the effectiveness of our contribution to North Atlantic security and to participate in concerted measures affecting the stability of the other critical areas referred to in your memorandum. In such a paper, while the emphasis on the need and urgency of re-armament measures should be paramount, due weight should also be given to the importance of economic assistance to the peripheral areas (which is recognized in paragraphs 9 and 11 of the draft memorandum).

5. It might reasonably be questioned whether an increase in the military effort which reduced the economic assistance available to such countries as India, Pakistan and Yugoslavia would be advantageous even from the military point of view. Within limits, the expansion in defence effort should presumably be at the expense of restricted standards of consumption and investment in the western countries themselves. To the extent, however, that rearmament and economic aid to the critical areas are competitive, thought should be given to the most effective balance between the two. The modest Colombo Plan, which was designed for a situation rather les dynamic than the present, may prove insufficient even if it is implemented in full. In any event, it would seem essential from all points of view to get ahead with aid along the lines of that plan. Similarly, the possibility of Canadian aid to Yugoslavia (particularly in the form of bread grains and other basic supplies available from Canada) should be re-examined in the new and more dangerous situation in which we now find ourselves.

6. A point which might well be emphasized in any current consideration of the relative importance of re-armament and economic aid is that no matter how energetically we may exert ourselves, it is going to take time for any increased defence

effort to make itself felt. (We note in this connection that para 4 of Washington teletype WA-3315 of December 19th does not anticipate substantial progress in any event before mid-1951). It will take time to convert plants to war production and to mobilize and train manpower for the new tasks. Even if the highest priority is given to re-armament and military aid, there is bound to be an interval during which our resources will be better adapted to the contribution of civilian types of aid. It would seem desirable to take advantage of this transitional period to provide a high proportion of our help to other countries in the form of civilian supplies. Later when a larger part of our economy has been turned over to defence preparations, we may not be in as good a position to make our economic weight felt in such places as Yugoslavia and Asia. While it is probably desirable to concentrate attention at this stage on the need for increased defence preparations, there would seem to be much merit in recognizing that for the immediate future at least a fairly high proportion of our contribution to the strengthening of friendly countries can probably best take the form of economic aid.

7. Although the importance of the "impact" and "capacity" analysis to be undertaken by the Paris Working Group of NATO should not be exaggerated, it would seem desirable, from the point of view of effective timing, to make our plans sufficiently early to avoid giving comfort to those European countries which may be rather inclined to drag their feet in that exercise. If we intend to match our efforts with the needs of the present situation — and with the impressive effort of the United States — it might be well for us to make our intentions clear in our submission to the Paris Working Group. In that way we may be able to provide a useful stimulus to the NATO countries in Europe.

635. PCO

Note du ministre de la Défense nationale et du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Minister of National Defence and Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 312-50 Ottawa, December 28, 1950

TOP SECRET

THE INTERNATIONAL SITUATION

In North Atlantic planning the period of greatest danger was, until a few months ago, assumed to begin in late 1953 or 1954. Now, the only safe assumption is that the period of greatest danger has already begun.

2. By their support of the Chinese intervention in Korea, the Soviet Government have shown that they are willing to run the risk of a third world war. In such a war the Soviet Union would have, initially, and probably over the next two years, a

preponderance of land and air forces in the conventional methods of warfare. Also they would probably have a small stockpile of atomic weapons.

3. In addition, the events of the last few weeks have sharply revealed the danger that, even if a third world war can be avoided for the time being, the forces of Soviet imperialism throughout the world may be able to seize so many additional areas in Asia and Europe that the position of North America will eventually become very serious indeed.

4. Although we have differed with the United States on a number of issues on Far Eastern policy, there is agreement between the Canadian and United States Governments that :

(a) peace is now in jeopardy;

(b) the expansion of Soviet imperialism must be opposed;

(c) the principle of collective resistance to aggression must be maintained; and,

(d) the main front which must be defended is Western Europe.

Our disagreements arise only in deciding how our agreement on these basic points should be translated into immediate policy and action, taking into account the present military strength of the Soviet Union and their friends and satellites and the present military weakness of the free world.

5. This relative weakness is the most dangerous in Western Europe. This is where the initial Soviet attack would probably be made in the event of a general war. Europe is open to Soviet attack whenever the U.S.S.R. is prepared to run the risk of atomic bombardment of its cities and industries. It is estimated that under present conditions the Red Army could occupy Western Europe to the Pyrenees within three months.

6. The present military weakness of Western Europe is one of the basic reasons why we have contended that all possible steps should be taken to avoid becoming embroiled in a war with Communist China. In such a war a decision would be almost impossible to secure. Even the atomic bomb would probably not be decisive since suitable targets are few, life is cheap and manpower virtually inexhaustible. Meanwhile, every day such a war lasted would be wasting inadequate Western resources of trained manpower and military equipment.

7. Assuming that a major war with China can be avoided, it must, nevertheless, be recognized that the defeat which the United Nations have suffered in Korea makes more likely Communist attacks on other parts of Asia, the Middle East and Eastern Europe. A full-scale attack on Indo-China, in particular, must be regarded as an early possibility. And, if Indo-China is lost, the whole of South-East Asia, including Burma, Malaya and Indonesia with their important natural resources might well fall under Communist control. The position of India and Pakistan, in these events, would become precarious. This, incidentally, is an aspect of the situation which emphasizes the political importance of outside financial assistance for the economic development of these countries to strengthen their will and capacity to assist in the struggle against Communist imperialism.

8. Persia and the Middle East are also vulnerable. The governments of these countries and the rivalries between them are such that there is little ground for

hoping that, with the exception of Turkey, they would offer much effective opposition to armed aggression. Another potential ally of substantial strength which is immediately threatened is Yugoslavia whose power to resist has been seriously weakened by present economic difficulties.

9. In short, recent Communist successes disclose the stark possibility that, either in the course of a general war or as a result of piece-meal attrition, the whole of Asia and Europe, apart from the United Kingdom, Spain and Portugal, might fall rapidly under Soviet domination. The position of North America would then be worse than in 1940. If the Soviet Union were in control of all the productive resources of Europe and Asia, it would have at its disposal steel and oil production comparable to that of North America. Its supplies of raw materials and skilled manpower would be greater and more varied.

10. Because of their lack of forces in being the North Atlantic Treaty countries are obliged to go as far as they can to gain time. That is one of the purposes of the present negotiations for a cease-fire in Korea. It must not be lost sight of, however, that action by Communist China or by the Soviet Union may at any time precipitate a general war.

11. The employment by the Western countries of their present great economic superiority and resources of skilled manpower in such a way that the prospect of eventual victory over them is slender remains the greatest deterrent to war. This has been their purpose especially since the North Atlantic Treaty came into effect. But the danger has increased more rapidly than our combined efforts to meet it.

12. The new defence programmes which the North Atlantic Treaty countries undertook in August of this year have not yet brought about any substantial and immediately effective net increase in their military strength. A substantial part of the defensive strength which has been added has been diverted to Korea.

13. Last week the North Atlantic Council appointed a Supreme Commander for Western Europe and agreed upon a scheme for the establishment of an "integrated force". The representatives of the NATO countries pledged themselves to step up their defence programmes. They also agreed upon proposals for the participation of Western Germany in the joint defence.

14. The gravity of the situation has been recognized in all the North Atlantic Treaty Nations, but none more than in the United States.

On December 16, President Truman adopted the unprecedented course of declaring a national emergency in peacetime. In this he said; "Recent events in Korea and elsewhere constitute a grave threat to the peace of the world ... world conquest by Communist imperialism is the goal of the forces of aggression that have been loosed upon the world ... ... the increasing menace of the forces of Communist aggression requires that the national defence of the United States be strengthened as speedily as possible."

Since the attack on Korea on June 25, the United States has sharply increased its defence appropriations and preparations. Both directly and through NATO the United States has urged the other free nations to adopt similar action. The action taken in other countries has naturally been referred to in Congress and comparisons

have been made both there and in the various agencies of NATO between the defence expenditures of various countries.

15. The defence of the West depends on continued and increased participation and assistance by the United States and this will be more likely to be forthcoming if Congress and the American people believe that their effort is being matched by a comparable effort in other countries.

Further, increased fear of Russia will combine with any trend towards isolation on this continent to focus more attention on home defence against direct attack. Only if the home front is felt to be secure will public opinion support the employment of the forces in Europe on the scale necessary to deter aggression.

16. The U.S.S.R. may be tempted to wage war in the near future in order to prevent the free world attaining the position where it could check Soviet imperialism by the threat of effective force. Also the action taken by NATO at Brussels with respect to Western Germany involves some immediate risk of Russian reaction.

17. It seems essential that, in common with other countries of the North Atlantic, we should re-examine our defence programme in the light of these sombre developments. We will all require to press forward at a much accelerated speed if we are to attain the goal of security which is set by the North Atlantic Treaty.

18. The position of the Canadian Government, in the new emergency, was referred to in instructions sent to the Canadian representative at the Brussels meeting and then made the subject of a statement by him. Copies of this statement have been circulated to Ministers.

BROOKE CLAXTON
L.B. PEARSON

636. PCO

Procès-verbal de la réunion du Comité du Cabinet sur la défense

Minutes of Meeting of Cabinet Defence Committee

TOP SECRET Ottawa, January 15, 1951

The sixty-ninth meeting of the Cabinet Defence Committee was held in the Privy Council Chamber on Thursday, December 28, 1950, at 11:00 a.m.

Present

The Prime Minister (Mr. St-Laurent), in the Chair
The Minister of Trade and Commerce (Mr. Howe)
The Minister of National Defence (Mr. Claxton)
The Minister of Finance (Mr. Abbott)
The Secretary of State for External Affairs (Mr. Pearson)
The Minister of Justice (Mr. Garson)
The Secretary (Mr. Eberts)
The Acting Military Secretary (Group Captain Annis)
The Chief of the General Staff (Lieutenant General Foulkes)
The Chief of the Air Staff (Air Marshal Curtis)
The Acting Chief of the Naval Staff (Commodore Bidwell)
The Chairman, Defence Research Board (Dr. Solandt)
The Secretary to the Cabinet (Mr. Robertson)

The Under-Secretary of State for External Affairs (Mr. Heeney)
The Deputy Minister of Trade and Commerce (Mr. Mackenzie)
The Assistant Deputy Minister of Finance (Mr. Bryce)

EXPANSION OF DEFENCE PROGRAMME

1. *The Minister of National Defence* stated that, in the course of making preparations for Parliament, he had been re-examining the defence programme. In this connection, the Secretary of State for External Affairs had taken the initiative in reviewing the world situation and they had subsequently agreed on a memorandum giving their appreciation of the serious international situation. Unfortunately, time would not permit consideration of this paper prior to the Cabinet meeting that was to follow in the afternoon.

An explanatory memorandum was circulated.

(Ministers' memorandum, "The International Situation", December 28, 1950 — Cab. Doc. 312-50).

2. *Mr. Claxton* indicated that there had been prepared further papers, one of which outlined additional Canadian defence measures that appeared desirable in the light of the increased dangers of the world situation. While this document included views of the Chiefs of Staff, he had prepared it himself and it represented his own views on expansion of the defence programme.

Comparisons of national defence appropriations were being made in North Atlantic Treaty Organization and elsewhere. A table that had been prepared gave a comparison of the current defence expenditures of North Atlantic Treaty countries. Further substantial increases in their defence expenditures could be expected. It was estimated that in the fiscal year ending July 1, 1951 (for which it had appropriated $40 billion), the United States would actually spend $22.5 billion, representing 9.5% of the national income, 47.2% of government expenditures and $148 per capita. Comparable figures for Canada in the year ending March 31, 1951, would be $700 million; 5.7%; 29.6%; and $51.4. During the year ending July 1, 1952, it was expected that the United States would spend some $42 billion. In 1951 its armed forces would be increased from 2.5 to 3.5 millions, with 23 of every 1000 of the population under arms. In Canada, there were 62,000, or 4.5 per 1000 of the population, in the active forces, and 52,000 in the reserve forces. The United States was conscripting 160,000 a month for two years' service and had also placed large reserve forces on active service. Short of adopting a total war economy, it was doing everything possible to deter aggression and prepare against an attack in 1951-52.

Even if fears of an early war were exaggerated, the likelihood of war in the next 18 months was now much greater than estimated six months ago and, as the creation of forces in Europe sufficiently strong to prove an effective deterrent was unlikely within 18 months, there would be increased risks in that period. The greatly expanded U.S. defence measures would make Canada's position increasingly difficult to justify. In the circumstances, the Government's two-fold aim should be to prepare Canada against conditions of total war and to continue to assist in providing deterrent forces in the hope that time remained to make them effective.

To this end, everything possible should be done:

(a) to provide for Canadian defence against likely forms of attack, including the acceptance of North American naval and air force "force tabs" as targets when settled with the United States;

(b) to continue present support of the action in Korea, including the leaving of part of the Special Force at Fort Lewis as reinforcements if necessary;

(c) to contribute assistance under the North Atlantic Treaty, including

(i) assignment to the Integrated Force of a Brigade Group when available from the Special Force, possibly in April; and

(ii) indication to the Supreme Commander that the fighter squadron proceeding to the United Kingdom might be considered as available for the Integrated Force and that others would follow, the number to depend on Canada-U.S. agreement on North American regional requirements; and

(d) to maintain and expand the organization and training establishments and industrial capacity for the speediest development of a total effort.

The foregoing would involve for the fiscal year 1951-52, apart from the authorized programme costing $800-$900 million, implementation of "Programme B" costing some $140 million. It would also involve the following *additional* measures, not all to be completed in 1951-52, concerning which details had still to be prepared:

Navy: the re-purchase, re-fitting and re-arming of 23 ships (frigates and Bangors); the construction, within the limits of steel, labour and yards, of 11 ships (destroyer escorts and patrol craft);

Army: accelerated conversion to U.S.-type equipment; the manufacture in Canada of U.S.-type armament and ammunition; the adoption of U.S.-type A/A guns, 100 of which might be available shortly, allowing the transfer to NATO of Canadian 3.7's which it might not be possible to modernize; increasing the strength of reserve A/A regiments for which 20,000 men and women would be required;

Air Force: the acceleration of Orenda engine production to the limit of plant capacity and continued exploration of additional engine production capacity; the acceleration of F-86 production to 50 a month; the establishment at existing sites of three schools for training an additional 1,100 NATO (mainly U.K.) aircrew; the preparation of clothing, quarters, etc. for 7,500 women to be recruited from July 1, 1951; the acceleration of the Canada-U.S. radar plan and maritime defences; and,

Defence Research Board: some expansion of research and development facilities and continued planning of the use of scientific and technical manpower.

Present recruiting was adequate for the current authorized programme, except in the case of Air Force ground crew where industry was highly competitive. The manpower implications of the proposed expanded programme were serious but it might be possible to meet the stated requirements — except those of the A/A regiments — if the recruitment rate of the past six months were maintained and some women were enlisted. The holding of men after completion of their terms of engagement would have to be considered.

To increase the effectiveness of the reserve forces, it appeared desirable to extend the training period to 30 days a year, with extra time for certain categories; to pay bonuses for completion of training and re-engagement; and to exempt pay and allowances from income tax.

Additional non-military measures were also required, including the acceleration of preparations for industrial production for Canadian and NATO use; the study of measures to be taken at various stages to meet manpower requirements; increased preparations for civil defence; and measures to prevent sabotage.

It would be helpful to have from Cabinet Defence Committee, and later that day from Cabinet, a general indiction of their views on these proposals for an expanded programme. Detailed estimates would then be prepared for their consideration.

Explanatory memoranda were circulated.

(JIB memorandum, "The Defence Expenditures of the NATO countries for 1950" and attached table, Dec. 28, 1950; Minister's memoranda, "Comparison of U.S. and other Defence Appropriations" and "Expansion of Defence Programme", Dec. 27, 1950; and "Summary Estimates: 1950-53" with attached table, "Summary of Service Requirements 1951-52", Nov. 29, 1950).†

3. *Mr. Claxton* said, with reference to the proposed assignment of a Brigade Group to the Integrated Force, that the Chief of Staff, U.S. Army, had stated that the Americans did not want to send any further U.S. forces to Korea if it could be avoided and that it seemed probable that they would not want additional Canadian troops in Korea apart from any necessary reinforcements for the Second Battalion, Princess Patricia's Canadian Light Infantry. The press had not understood that the elements of the advance party now returning from Korea were merely personnel belonging to units of the Special Force which had not proceeded to Korea.

4. *The Secretary of State for External Affairs* hoped that it was not intended to take an immediate, firm decision, that no further Canadian army units would proceed to Korea. The question of whether more Canadian troops were required there seemed to be a matter for United Nations rather than United States decision. The State Department had said that, while it was not intended to send additional U.S. troops, it was desired to have as many contingents as possible from other countries in order to emphasize the U.N. character of the action in Korea.

5. *The Prime Minister* said that the matter depended partly on the question of accommodation at bases in Korea, where the United States was providing facilities for the Canadian troops. Available accommodation was quite limited.

6. *Mr. Claxton* suggested that the Special Force would, of course, remain available for despatch to Korea if that course appeared desirable when it was ready. Parliamentary authority would have to be sought for the despatch to Europe of a Brigade Group and Fighter squadrons.

7. *The Chief of the General Staff* stated that, for planning purposes, he would welcome an expression of views on arrangements for tours of duty for such Canadian units as might be assigned to the Integrated Force. The United States considered that the separation of troops from their families for long periods was prejudicial to family relations. Additional forces had to be available at home as

replacements if men were rotated to Europe without families. As a result, the United States was contemplating the provision of married quarters for its troops in Germany. On balance, he was inclined to recommend the rotation of Canadian troops to the Integrated Force, without families, for 18-month periods.

8. *Mr. Claxton* said that at present it would not be possible to consider establishing families of Canadian troops in Europe. There would be an evacuation problem in any emergency if Canadian families were moved to Europe. It would be necessary to have the troops rotated to Europe for 18-month or shorter periods.

9. *Mr. St-Laurent* suggested that an arrangement for rotation of troops be accepted as an experiment. It could be modified, if necessary, in the light of experience.

10. *Mr. Claxton* said that the proposed implementation of Programme "B" would involve making a start on measures which would have to be carried out in the long run in any case. To a large extent the suggested expanded programme entailed the removal of numerical limits from production so that the development of the armed forces could be undertaken as rapidly as equipment could be made available.

11. As regards the proposed additional naval construction, authorizations should be in step with production capabilities. It was encouraging that the U.S. Navy was much impressed with the potentialities of the new destroyer-escort design and was considering obtaining three destroyer-escorts for test purposes. This might possibly lead to further U.S. orders for this type of ship.

12. *General Foulkes* considered it important to reach a decision on the proposal to purchase one hundred 90 mm. A/A guns from the United States. These could be made available on very favourable terms. Their purchase would, moreover, justify Canadian manufacture of U.S.-type ammunition, permitting standardization in this field in North America. Canadian 3.7" A/A guns could be offered to other NATO countries, who were most anxious to have them, as they were replaced by 90 mm. guns. A long period would elapse before completion of developmental work on the use of the 3.7" gun in conjunction with the U.S. T-33 gun-laying radar and, in the meantime, it would not even be known whether they could be used together satisfactorily. Conversion of the 3.7's might be more expensive than purchase of the 90 mm. guns. In any event, it was unlikely that the cost of purchasing one hundred 90 mm. guns would be much, if any, higher than the cost of converting that number of 3.7's. Purchase of the U.S. guns would mean possession of efficient guns by early 1952.

13. *Mr. St-Laurent* said that purchase of the U.S. guns could also effect a saving in manpower.

14. *The Ministers of Trade and Commerce and Finance* were of the opinion that the proposed purchase of one hundred 90 mm. guns would be a sensible transaction.

15. *Mr. Claxton* said that there was a very serious world-wide shortage of jet engines. Acceleration of Orenda production would not entail sizeable additional expenditures in the near future as developmental difficulties stood in the way of early production of an appreciable number of engines.

16. *Mr. Howe* said that the plant capacity of AVRO would be 100 Orenda engines a month.

17. *The Chief of the Air Staff* thought that it might take 18 to 24 months to reach that level of output. Also, if additional orders for CF 100's were placed now, production of this aircraft (complete with Orenda engines) could probably not be raised to 25 a month before the autumn of 1952.

18. *Mr. Claxton* explained that the proposed acceleration of F-86 production to a rate of 50 a month would represent a substantial increase in the presently-planned rate of production. It was proposed partly because other NATO countries required this aircraft as the only available fighter that could deal with the Soviet MIG-15. The United Kingdom was anxious to obtain 392 F-86's. This, he thought, should be done with the United States making available, at no cost to Canada, the necessary government-furnished property, including engines, provided NATO recommended such allocation of Canadian aircraft. The proposal was that provision of these aircraft be charged against the $300 million vote provided under the Defence Appropriation Act, 1950.

19. *Mr. Howe* said that it was clear that Canadair had the means to produce F-86's at an increased rate and that it appeared sensible to put these facilities to work.

20. *Air Marshal Curtis* said that the R.A.F. had been asked to look into the question of aircraft required for the schools proposed for training additional NATO aircrew. Dual jet-type training aircraft, such as Vampires or T.F.-80's were the principal requirement of this project which Canada could not meet. The United Kingdom would have to provide these or obtain them under the U.S. mutual aid programme. Canada still had some reserves of Harvard aircraft. No Harvards had been sold from reserve holdings for three years. As Canada had the necessary jigs for this aircraft, resumption of its production would be relatively simple. The setting up of a production line could probably be accomplished in less than one year. The United States had decided to use for its basic training a type of aircraft that was essentially a Harvard with a number of refinements.

21. *Mr. Howe* suggested that, if it were decided to set up a production line, it would be desirable to produce an up-to-date Harvard in view of the possibility of the United States placing orders in Canada for this aircraft.

22. *Air Marshal Curtis* said that approval in principle of the proposed additional air training programme for NATO countries would be helpful as it would take about six months to prepare the schools and it was desired to have the courses begin in August.

23. *Mr. Claxton* explained that the enquiry as to the possibility of training more aircrew had come from the United Kingdom. If it were decided to increase training further, it was proposed that NATO recommend the allocation of vacancies at the training schools.

24. *Mr. Abbott* thought that this training programme could be charged against the $300 million vote — or a new vote, as the $300 million vote was now almost fully committed — if the programme were recommended by NATO.

25. *Mr. Claxton* said that the manpower required for the air training project could not be found through recruitment of men. Further, the R.C.A.F. felt that a start should be made on the training of women in order to free for other duties men presently serving as clerks and communications and radar operators.

26. *Air Marshal Curtis* explained that women were temperamentally suited to a number of R.C.A.F. tasks.

27. *Mr. Claxton* said that it would be possible to begin recruiting women some six months after it was decided that they should be recruited. The intervening period would be needed to make up clothing and prepare quarters. Cabinet had already authorized the purchase of clothing for women's uniforms, which had since been ordered, on the understanding that he would again raise the question when the need seemed urgent.

28. Canada was building nine new aircraft control and warning stations which had increased range and could handle several interceptions simultaneously. The proposed acceleration of the Canada-U.S. radar plan was still under discussion with the Americans who were being asked to consider assuming the major share of the expense of various stations that might be required in Canada, in view of their importance to the United States.

29. *Mr. Abbott* thought that the proposed exemption from income tax of the pay and allowances of the reserve forces would present difficulties.

30. *Mr. Claxton* said that, in proposing a study of means to be taken to meet manpower requirements, including possible preparation for registration for various purposes, he hoped that a small interdepartmental group might be set up to investigate the possibility of applying the forthcoming census to the problem or dealing with this by other means.

31. *Mr. Howe* thought that arrangements could be made to advance the date of the census so that it would begin in the spring.

32. *Mr. St-Laurent* enquired whether the re-organization of the top structure of NATO was proceeding as fast as possible. He understood that steps were being taken to organize the Defence Production Board so that it could get down to work quickly.

33. *Mr. Claxton* said that these matters were being dealt with as rapidly as possible.

34. *Mr. St-Laurent* said that it was easier, in the case of Canada, to implement measures that were part of an overall NATO plan than to carry out measures merely requested by individual NATO countries. The top NATO defence and supply organizations should recommend any proposed allocations of Canadian production to Western Europe, and all Canadian contributions to NATO should be represented in their true light as going into a common pool benefiting all NATO countries.

35. *General Foulkes* said that it was now standard practice in Ottawa to suggest allocations to NATO countries subject to appropriate recommendations from the top NATO bodies.

36. *Mr. Claxton* said, on the question of how far his proposals for an expanded defence programme would go towards meeting the Canadian portion of the NATO

Medium Term Plans, that the expanded programme would enable the Canadian forces to meet the present plans. The Army would be able to meet the plans fully at once, subject only to A/A defence which was purely a Canadian problem. The Navy would be able to meet about 75% of what was expected of it by D-Day, and 100% less than six months later which would be in accord with the plans. The Air Force would be able to meet its requirements, as regards aircraft and men, for the Integrated Force. Also, it would be complete at home, 10 of the 19 squadrons called for being auxiliary squadrons.

37. *The Chief of the General Staff* said that to satisfy the medium term "force tabs" for the Integrated Force would involve Canadian acceptance as a commitment of eleven squadrons, requiring 203 aircraft, which had not yet been authorized.

38. *Mr. Pearson* pointed out that this would involve doing what NATO had asked of Canada.

39. *Mr. Claxton* said that the Medium Term Plans expressed requirements as of July, 1954. At the recent North Atlantic Treaty Council meetings in Brussels, however, a resolution had been adopted requesting Governments to give urgent consideration to means of rapidly effecting completion of their contributions to the Integrated Force. This would be feasible in the case of Canadian ground troops but would be difficult in the case of Canadian air squadrons. Under the resolution countries were also asked to indicate what additional contributions they could make.

40. *General Foulkes* said that Canada, like the other NATO countries, had been asked to indicate by January 10th the force commitments in the Medium Term Plans for the Integrated Force and the North Atlantic Ocean region that it was prepared to accept.

41. *Mr. St-Laurent* enquired, in view of the appointment of a Supreme Commander in Europe, about the relationship to one another of General Eisenhower, the Standing Group and the Defence Production Board.

42. *General Foulkes* said that the Standing Group was still the highest NATO military authority and was responsible for giving directives to General Eisenhower, who was in the position of a theatre commander. The Defence Production Board was, on the production side, parallel to the Standing Group. On requirements for supplies in Western European countries, the Standing Group would consult General Eisenhower before making its views known to the Defence Production Board. The latter would then examine production possibilities in the NATO countries.

43. *Mr. St-Laurent* enquired whether the Standing Group undertook to represent the governments of the United States, the United Kingdom and France.

44. *Mr. Claxton* said that the Standing Group was intended to represent and act for all twelve countries but in fact its members represented and acted for the three governments. At Brussels it had been agreed to set up a Committee of Military representatives which would meet regularly with the Standing Group. The Chairman of the Standing Group would also be Chairman of the Military Representatives Committee. This arrangement was better in that Canada would now have regular consultations with the Standing Group.

45. *Mr. St-Laurent* said that it was important that the Standing Group have, in effect, a commission from all the NATO governments. It was not desirable that the United States, the United Kingdom and France be charged with the responsibility for administration and that Canada be a mere outside helper. Directives to General Eisenhower from the Standing Group should represent the desires of all the NATO nations.

46. *Mr. Claxton* said that he hoped that it would be possible to indicate by January 10th, or very shortly thereafter, what forces Canada was prepared to make available to the Integrated Force. By so doing, Canada would be undertaking to do its share of the joint effort and would be in step with the other NATO countries. It was a question of sending a Brigade Group as soon as available from the Special Force, and one or two squadrons in the near future, with an indication that other squadrons would follow. Such commitments would be subject to Parliamentary authority.

46. *Mr. Abbott* considered that there was no harm in agreeing to the Army commitment which was expected by the public.

48. *Mr. Pearson* agreed with this view, but pointed out that to say now that Canada would contribute a squadron, with an indication that others would follow, was more complex in its implications.

49. *Mr. St-Laurent* said that Canadian contributions to the Integrated Force should be represented as resulting from decisions of a group in which Canada participated. Canada had already committed itself in principle as a partner in the build-up of NATO. Decisions on the volume of contributions of particular types would depend on what appeared most effective at any given time. There were various ways in which $900 million could be spent. It appeared at this time that a contribution of some forces to defences in Europe would be most effective and the Government could so recommend to Parliament.

50. *The Committee*, after further discussion:

(a) agreed in principle that, if the remainder of the Canadian Army Special Force were not required in Korea, a Brigade Group should, subject to Parliamentary authority, be made available to General Eisenhower for the NATO Integrated Force;

(b) agreed in principle that one R.C.A.F. fighter squadron should, subject to Parliamentary authority, be made available to the Integrated Force (subject, however, to the arrangements worked out with the United Kingdom), with an indication that further squadrons would follow, the number to be dependent on a decision regarding North American regional requirements;

(c) agreed that any Canadian Service units made available to the Integrated Force should be assigned to that Force on a rotational basis, without families, for 18-month or shorter periods; this arrangement to be considered experimental and subject to modification, if necessary, in the light of experience;

(d) agreed to the purchase of 100 U.S. 90 mm. A/A guns to be charged against the $300 million provided under the Defence Appropriation Act, 1950;

(e) agreed that, if the 100 U.S. A/A guns could be purchased, an equivalent number of 3.7" A/A guns be offered to NATO;

(f) agreed to steps being taken to accelerate Orenda production to the limit of physical capacity of plant, and also to accelerate F-86 production to a rate of 50 aircraft a month;

(g) agreed that the proposal that 392 F-86's be manufactured for the R.A.F. and financed from the $300 million vote (if NATO recommended such allocation and the United States provided, without cost to Canada, necessary government-furnished property, including engines) should be further explored;

(h) agreed in principle to the establishment at existing sites of three schools for training an additional 1,100 NATO aircrew, subject to NATO recommending the allocation of vacancies at these facilities; this project to be charged to the $300 million vote;

(i) agreed to steps being taken by the R.C.A.F. to stockpile women's clothing;

(j) noted the other proposals of the Minister of National Defence for the expansion of the defence programme and his intention to submit detailed estimates of requirements and costs later;

(k) agreed to report the foregoing conclusions to Cabinet;

(l) noted the suggestions of the Prime Minister regarding procedures for Canadian contributions to NATO and the position of the Standing Group.[90]

CHRISTOPHER EBERTS
Secretary
C.L. ANNIS, G/C
Acting Military Secretary

[90] Le Cabinet a approuvé ces décisions les 28 et 29 décembre 1950.
These decisions were approved by Cabinet on December 28 and 29, 1950.

CHAPITRE VI/CHAPTER VI
AVIATION CIVILE
CIVIL AVIATION

PREMIÈRE PARTIE/PART 1

ORGANISATION DE L'AVIATION CIVILE INTERNATIONALE
INTERNATIONAL CIVIL AVIATION ORGANIZATION

ACCORD SUR LE SIÈGE
HEADQUARTERS AGREEMENT

637. DEA/9655-E-2-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL Ottawa, September 12, 1950

RE HEADQUARTERS AGREEMENT WITH ICAO

On December 1, 1949, the Department sent to ICAO a sixth draft of a proposed Headquarters Agreement between the Government of Canada and that organization. In a letter to you dated April 14, 1950,† Dr. Warner, President of the Council of ICAO, informed you that the Council, after considering the terms of the draft Agreement, proposed further amendments for the government's consideration. The majority of these amendments were of a minor nature and have now been approved by all the departments concerned. You will recall that in his interview with you on June 27 of this year, Dr. Warner made it clear that what ICAO really wanted boiled down to two things:

(a) that representatives of member states and senior officials of the organization be granted the status of diplomatic envoys and,

(b) that the federal government effectively support ICAO in its approach to Quebec to obtain certain privileges and exemptions from that province.

2. This memorandum deals only with Dr. Warner's first problem. I intend to deal with the steps that the Department might take to assist ICAO's negotiations with the Province of Quebec in a later memorandum to you because this matter does not seem as urgent as the need to inform ICAO of the government's views with respect to the recent proposed amendments to the Headquarters Agreement.

3. Dr. Warner has frequently mentioned the importance he attaches to Council members and senior officials of the organization having the status of diplomatic

envoys but neither he nor the Council have advanced any valid reasons for such a request. It seems that the matter of prestige alone is the underlying motive. In my view the government's offer of privileges, immunities and facilities, contained in our draft Agreement, is very generous and in fact includes most of the privileges and immunities now enjoyed by foreign diplomats in Canada. Certainly what the government is offering is adequate to safeguard the independent exercise of the functions of ICAO in Canada. I have come to the conclusion that it would not be appropriate at this time for the federal government to grant diplomatic status to representatives of members of an international organization, even though it be a specialized agency of the United Nations. The following are the principal reasons for this conclusion:

(a) International law, at the present time, does not provide for the granting of diplomatic privileges and immunities to representatives of members of international organizations. Some diplomatic privileges and immunities come within provincial jurisdiction, but because they are provided for in international law, the federal government can guarantee them in view of the fact that the provinces recognize themselves to be bound by international law. It is most unlikely that Quebec would co-operate in according exemption from the normal jurisdiction of its authorities and courts, if such exemption was not founded upon international law;

I might explain that the Department of Justice has expressed the opinion that the Governor-in-Council has the authority under the Privileges and Immunities (United Nations) Act to grant diplomatic privileges and immunities to representatives and senior officials of specialized agencies of the United Nations. It is doubtful whether this would be within federal competence and the question could be decided definitely only by our courts. It is most likely that if an unfortunate incident, involving an official of ICAO, occurred in Quebec and diplomatic immunity was pleaded in court, the Province would challenge the validity of our legislation. If the court decided it was *ultra vires*, it would be an unfortunate precedent;

(b) The United Kingdom does not grant diplomatic privileges and immunities to representatives of members of international organizations including specialized agencies of the United Nations. The United Kingdom Government draws a distinct line between privileges and immunities granted to diplomats and those extended to representatives of members of international organizations. The United Kingdom Government has passed what is known as the International Organizations (Immunities and Privileges) Act, 1950, which itemizes the specific privileges and immunities that may be given to representatives of members and "high officers" of international organizations by order-in-council;

(c) The United States, in practice, does not grant diplomatic privileges and immunities to members of international organizations, as such. Article V, Section 15 (3) and (4) of the Headquarters Agreement between the United States and the United Nations provides for the granting of diplomatic privileges and immunities to:

(1) the principal resident representative of a member if he has the rank of Ambassador or Minister Plenipotentiary, and

(2) other principal resident representatives and their staffs, if a three-party agreement is reached between the Principal Executive Officer of the organization, the

United States Government and the government of the member country concerned.

The State Department has informed us that *in practice* no privileges and immunities under the above mentioned sub-sections have been or will likely be granted because,

(1) in most cases the representative on the specialized agency is his country's Ambassador or Minister to the United States. He is, therefore, already entitled to full diplomatic status, and

(2) in the case of other principal resident representatives and their staffs no three-party agreement has been or will likely be concluded because of the reluctance of the State Department to implement this part of the Agreement;

On the other hand, the granting of privileges and immunities to principal resident representatives of members of specialized agencies and their staff in the United States, is governed by the provisions of "International Organizations Immunities Act" (Public Law 291) under which law "... no person shall, by reason of the provisions of this title be considered *as receiving diplomatic status* or as receiving any of the privileges incident thereto other than such as are specifically set forth herein". (Section 8 (c)).

(d) According to Oppenheim, Hill[1] and other authorities on international law, the present tendency in the United Nations, contrary to what was done in the League of Nations, is not to make any general grant of diplomatic privileges and immunities, but rather to limit and define the facilities which are necessary for the independent exercise of the functions of international organizations. Article 105 of the Charter of the United Nations and Section 14 of the Convention on Privileges and Immunities of the United Nations clearly provide that privileges and immunities are accorded to the representatives of members not for the *personal benefit* of the individuals themselves but in order to safeguard the independent exercise of the functions of the organization;

(e) In his letter to you dated June 27, 1950,† the Minister of Transport, referring to the diplomatic privileges and immunities that ICAO was requesting stated: "I do not think that we should alter our position". In other words, Mr. Chevrier felt as I do that these privileges and immunities should not be granted;

(f) Fifty-six countries are members of ICAO. If each country decided to send one or more representatives and diplomatic privileges and immunities were granted to each representative and his family, the total enjoying this status would be greater than the number in the diplomatic corps in Ottawa. Judging from press reaction to incidents involving diplomats in Canada during the last few years, it is doubtful whether public opinion would favour an extension of diplomatic privileges and immunities to such a large group;

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[1] Voir/See Lassa Oppenheim, *International Law: A Treatise*, London and New York: Longmans, Green and Company, 1944 and 1947; Martin Hill, *Immunities and Privileges of International Officials: The Experience of the League of Nations*, Washington: Carnegie Endowment for International Peace, 1947.

(g) A diplomatic "carte blanche" to representatives on ICAO would likely lead to similar requests by other international organizations in Canada, now and in the future. Moreover, such a precedent might be one which other governments would not appreciate;

(h) If it becomes the universal custom to grant diplomatic privileges and immunities to representatives on international organizations, which are increasing in number, it would tend to detract from the importance and dignity which governments and the public attach to persons who are now entitled to enjoy these privileges and immunities.

4. Before deciding to refuse a general grant of diplomatic privileges and immunities the following factors should be taken into consideration:

(a) Agreements concluded between Switzerland and ILO and WHO provide that the Directors-General of these organizations, as well as officials designated by them and agreed to by the Swiss Government, shall enjoy the privileges and immunities granted to diplomatic envoys in Switzerland. Such privileges are not granted to representatives of member states, as such;

(b) An agreement between France and UNESCO provides that senior officials of that organization shall have the same privileges and immunities as those enjoyed by diplomatic envoys in France. In its agreement with ICAO, France extends these same privileges and immunities to representatives of member states in that organization. A similar provision is contained in an agreement between Peru and ICAO;

(c) It is likely that another proposal will be made at the 1951 session of the Assembly of ICAO to have the organization's headquarters moved from Canada. Some members have indicated informally that they will insist on this. A Headquarters Agreement which is satisfactory to the members will be a strong factor influencing the outcome of such a proposal;

(d) Early in 1947, the Department informed ICAO that the Canadian Government granted, as *an interim* measure and on a *de facto* basis, to senior officials of ICAO "the privileges, immunities, exemptions, facilities and courtesies provided by *federal law* for diplomatic envoys". Such a provision could now be incorporated in the Headquarters Agreement, but it would be a formal admission, at least by implication, on the part of the federal government that its jurisdiction in this field was limited. For obvious reasons I do not think this is desirable.

5. If you agree that full diplomatic privileges and immunities should not be extended at the present time to representatives of ICAO, I have attached for your signature a letter to Dr. Warner† enclosing the government's commentary on the amendments recently proposed by ICAO and our seventh draft Headquarters Agreement which has been approved by the other departments concerned and which the Government would be prepared to sign.

A.D.P. H[EENEY]

638. DEA/9655-E-2-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL Ottawa, October 18, 1950

HEADQUARTERS AGREEMENT WITH ICAO
NEGOTIATIONS WITH QUEBEC

You will recall from my memorandum of September 12 that one of the principal problems involved in the negotiations of this agreement is the effective support that the Federal Government might give to ICAO to obtain certain privileges and immunities from the Province of Quebec.

Mr. Booth, the Canadian representative on the Council of ICAO, informed the Department on October 12 by telephone that he was received by the Premier of Quebec on October 3 to discuss informally the problem; he was accompanied by Mr. Wilfrid Bovey of the Quebec Legislative Council. I should emphasize that Mr. Booth went to Quebec on his own behalf and without any instructions from the Department.

Mr. Booth informed us that the interview was satisfactory and that Mr. Duplessis gave his assurance that he will look into the matter personally. It seemed to Mr. Booth that the Premier was not completely aware of the question; in particular, the Premier thought that the Federal Government was not willing to grant any privileges and immunities to ICAO because the Federal Government refused to give it full diplomatic privileges and immunities. Mr. Booth intends to send Mr. Duplessis a comprehensive memorandum on the question, copy of which he will forward to us.†

I suggest, therefore, that we let things take their course without any attempt at an official approach until we receive a letter from Mr. Booth.

E. R[EID]
for
A.D.P. H[eeney]

639. DEA/9655-E-2-40

Le président du Conseil de l'Organisation de l'aviation civile internationale au secrétaire d'État aux Affaires extérieures

President of Council, International Civil Aviation Organization, to Secretary of State for External Affairs

REF. A. 11/2 Montreal, November 24, 1950

Dear Mr. Secretary,

I have the honour to inform you that the Council has examined very carefully the new draft Headquarters Agreement, together with comments which you sent to me on 12 September 1950.†

The Council took note of the explanations contained in your letter and commentary; however, I have been directed to ask you whether it would be possible for the Canadian Government to reconsider the two following points:

1. During the discussions in Council the attention of that body was called to the deletion, in Section 12(d) of the new draft, of the words "and relatives" after the word "spouses". It is true these words do not appear in the Convention on Privileges and Immunities of Specialized Agencies; but the Sixth Commission of the United Nations Assembly (November 1947) recognized and noted in its Report to the Assembly (para. 45) that, having regard to the analogy of the position of the permanent Representatives of Members accredited to the United Nations, who are dealt with in the Headquarters Agreement with United States and not in the general Convention, the status of the Council of ICAO was a matter which should be dealt with under Section 39 of the standard clauses, i.e. within a Headquarters Agreement. The Representatives of States on the Council are, in effect, in permanent residence at the Headquarters and most of them have brought their families to Montreal.

2. The Council also noted the special cases of the President of the Council and the Secretary General. It noted that the General Assembly of the United Nations, in approving, at its Second Session (November 1947), the Convention on Privileges and Immunities of Specialized Agencies, agreed that the Chief Executive of a Specialized Agency (Article 11 of the Convention) should have diplomatic status and that, in the case of ICAO that status extend both to the Secretary General and to the President of the Council (Annex III to the Convention). The Assembly of ICAO, at its Second Session, accepted the provisions of the Convention and approved Annex III thereto. In view of the special position in which these two offices have thus been placed, the Council has directed that I ask that the Canadian Government give further consideration to according diplomatic status in those cases. It may be noted also that Mr. St. Laurent's letter dated 30 April 1947 granted to these offices the same treatment as is given to diplomatic envoys.

Upon the resolution of these two points, I hope we shall be able to proceed to the signature of the Headquarters Agreement.

Sincerely,

EDWARD WARNER

640. DEA/9655-E-2-40

Le sous-secrétaire d'État aux Affaires extérieures au Solliciteur général du Québec

Under-Secretary of State for External Affairs to Solicitor General of Quebec

Ottawa, le 14 décembre, 1950

Cher monsieur Rivard,

Vous vous rappelez qu'au mois de mai dernier M. Saint-Laurent discuta avec vous le projet d'un accord entre l'Organisation de l'Aviation civile internationale et le Gouvernement canadien relatif au siège de l'Organisation. À ce temps-là, je comprends que le premier ministre, se référant en particulier à la demande de l'Organisation d'accorder le statut d'envoyé diplomatique aux représentants des états membres et aux fonctionnaires supérieurs, vous a demandé de bien vouloir aborder la question avec le gouvernement de la Province de Québec.

Comme vous le savez, une personne jouissant du statut diplomatique a droit à certains privilèges et immunités dont quelques-uns intéressent votre gouvernement en particulier, tels que l'exemption des taxes provinciales. Avant de donner pareil statut en cet accord, nous désirerions avoir la confirmation que votre gouvernement n'y voit pas d'objections.

Le Président de l'Organisation de l'Aviation civile internationale nous informe que l'Organisation serait satisfaite de voir accorder les privilèges et immunités diplomatiques seulement au Président du Conseil et au Secrétaire général. L'Organisation n'insiste plus pour que le statut diplomatique soit étendu aux représentants des états membres et à tous les fonctionnaires supérieurs.

Le Gouvernement est désireux de conclure cet accord et je suis sûr que vous réalisez les avantages pour la province de Québec d'avoir le siège de cette Organisation à Montréal. Je serais très heureux si vous pouviez me laisser savoir les vues de votre gouvernement sur ce sujet.

Veuillez agréer, cher monsieur Rivard, les assurances de ma haute considération.

A.D.P. HEENEY

641. DEA/9655-E-2-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le chef de la Direction juridique

Memorandum from Assistant Under-Secretary of State for External Affairs to Head, Legal Division

Ottawa, December 20, 1950

In confirmation of our telephone conversation of Monday, I wish to advise that Mr. St. Laurent phoned me to say that he had discussed with Mr. Rivard while in Quebec City last weekend the problem of the ICAO Headquarters Agreement. Mr. Rivard undertook to have a word with Mr. Duplessis on the subject of the granting of full diplomatic privileges to the Secretary General and President of ICAO.

Yesterday Mr. Rivard called the Prime Minister to say that Mr. Duplessis was quite prepared to grant such privileges to these two gentlemen. Mr. St. Laurent told me that it would now be in order for us to proceed with signature of the Agreement and to draft the necessary Order-in-Council authorizing diplomatic privileges for the [incumbents] of the two positions in ICAO.

H.O. M[ORAN]

642. DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET Ottawa, December 26, 1950

. . .

LEGAL QUESTIONS

Headquarters Agreement with ICAO

. . .

22. *Mr. Burbridge*. The President of ICAO recently informed the Department that the Organization would probably sign the latest draft Headquarters Agreement if two further amendments were made. One of these amendments included the granting of diplomatic privileges and immunities to the President and the Secretary-General of ICAO. We now have the assurance of the Premier of Quebec that his Government is prepared to co-operate and extend to these two individuals any privileges and immunities that might be within the competence of the provincial government.

23. The Government is now in a position to agree to what is hoped will be the last two amendments, the second of which includes immigration facilities to dependent

relatives of representatives of members. The Agreement should be signed and come into force some time early in the new year.[2] (Confidential)

2e Partie/Part 2

RELATIONS AVEC DES PAYS PARTICULIERS
RELATIONS WITH INDIVIDUAL COUNTRIES

Section A

FRANCE

643. PCO

Note du ministre des Transports pour le Cabinet

Memorandum from Minister of Transport to Cabinet

Cabinet Document No. 99-50 [Ottawa], March 18, 1950

Secret

AIR AGREEMENT WITH FRANCE

In 1945 it was indicated informally to the government of France that Canada would be prepared to enter into a bilateral air agreement with France based upon an exchange of third and fourth freedom rights, i.e. limited to carriage of traffic between Canada and France but not including carriage of traffic to and from third countries, with the terminals of operation to be Paris and Montreal.

The French government did not pursue the matter at that time indicating, among other reasons, that it wished fifth freedom rights as well, i.e. the right to carry traffic between Canada and third countries and especially between Montreal and Chicago.

The government of France has now expressed a desire to enter into a bilateral agreement for air service between Montreal and Paris, limited to third and fourth freedom rights, subject to a reservation that the exclusion of fifth freedom rights is without prejudice to any fifth freedom rights which may have been received by France from other countries under other bilateral agreements.

From the point of view only of air service much less justification now exists for a bilateral agreement with France than in 1945. At that time no rights had been granted to foreign airlines between Canada and Europe while at present service is

[2] L'accord sur le siège a été signé à Montréal le 14 avril 1951 et est entré en vigueur le 1er mai 1951. Voir Canada, *Recueil des traités*, 1951, No 7.
The Headquarters Agreement was signed in Montreal on April 14, 1951 and came into force on May 1, 1951. See Canada, *Treaty Series*, 1951, No. 7.

provided not only by T.C.A. but by seven foreign airlines, one British, one Netherlands, one Belgian, one Scandinavian and three U.S. companies. In fact there is more capacity available on the North Atlantic between Canada and Europe than is required by the available traffic and any additional service will to some extent reduce the amount available to all, and particularly to T.C.A. which does the largest single business between Canada and Europe on the north Atlantic. T.C.A. has reported that it is not at present interested in extending service to France and the benefits of any agreement with France would, in these circumstances, be one-sided since only a French line would be operating under the agreement (this is equally true of our agreement with Belgium, the Netherlands and Scandinavia). Under the policy approved by Cabinet on April 6, 1949, in regard to bilateral air agreements no case can be made for an agreement with France in the absence of any intention that T.C.A. should serve Paris.

On the other hand, considering the direction of flow of Canadian traffic it is true that next to the United Kingdom, the largest volume of air movement between Canada and Europe is to and from France. In addition it is assumed that considerations of general external policy vis-à-vis France would have a bearing on the decision to be taken.

The question also arises as to the traffic rights that could be made available. Additional trans-Atlantic air service to Montreal, would represent a serious competitive aspect as far as T.C.A. is concerned. Moreover union with Newfoundland has made it desirable to utilize Gander as the major traffic terminal and over recent months new traffic rights have been granted at Gander rather than Montreal. It is normal practice in the interests of national aviation to designate as major terminal a coastal airport such as Gander rather than one far inland such as Montreal. On this basis the three U.S. operators and the Belgian airline were all held to Gander rather than Montreal, while the Scandinavian line which had previously been granted rights in Montreal was persuaded to shift to Gander. Opening of Montreal to another foreign airline might cause complaints from those governments who have been held to Gander rather than Montreal.

The granting of traffic rights at Gander would solely from the point of view of aviation and protection of T.C.A. be preferable to traffic rights at Montreal. It would probably be possible as well to grant France fifth freedom rights at Gander as well as third and fourth freedom since this has been done in the case of the other carriers operating there (excluding however, Canada-United Kingdom traffic). The granting of fifth freedom rights at Montreal would be undesirable and has been refused already to both the United Kingdom and United States. It is understood however that the French may be interested only in Montreal and it is quite possible that they will not be interested in proceeding with an agreement unless granted third and fourth freedom rights there although they have not been sounded out fully on this score.

Decision is required as to whether negotiations with a view to agreement with France should be initiated and if so what traffic rights Canada would be prepared to grant.[3]

644. DEA/72-ALB-40

Le sous-secrétaire d'État adjoint aux Affaires extérieures au président des lignes aériennes Trans-Canada

Assistant Under-Secretary of State for External Affairs to President, Trans-Canada Air lines

Ottawa, May 6, 1950

Dear Mr. [G.R.] McGregor,

As you are aware, our Department has been instructed by Cabinet to negotiate a Bilateral Air Agreement with the French Government which would permit direct air services to be operated between Montreal and Paris. We held a meeting yesterday with a group of French representatives which included members of their Embassy staff in Ottawa together with Mr. Lesieur, the General Manager for Air France of the North Atlantic and Caribbean regions.

2. The French Government had previously forwarded to us a draft Bilateral Agreement which they suggested might form a basis for negotiations. I understand the Air Transport Board discussed this draft with you. The authorities here in Ottawa felt the French draft departed substantially from the form of Agreement we normally concluded, and the document appeared to be quite loosely constructed and awkwardly worded. At our meeting yesterday I naturally had to be very discreet in any criticism of the French Agreement based on the latter score. I did suggest that we had some preference for proceeding on the basis of the Canadian standard Bilateral draft. The French representative took away copies of this draft to study it, and I am quite optimistic that they will probably accept it as at least a basis for negotiation.

3. At Mr. Chevrier's suggestion I emphasized one point very strongly in our discussions. Although there was no intention on the part of the Canadian Government to in any way impede these negotiations or delay the final signature of a Bilateral Agreement, Air France should not anticipate that they would be granted immediate permission to operate services to Canada. I explained that it was the Government's intention to designate TCA to operate reciprocal services. In these circumstances I admitted I felt that TCA would make the strongest representations to the Government that both countries should inaugurate their services at approximately the same time. The decision in this respect would of course be taken by the Ministers. I

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[3] Le 31 mars 1950, le Cabinet a demandé, au ministère des Affaires extérieures et à celui des Transports d'entreprendre des négociations avec la France au sujet du trafic entre Paris et Montréal.
On March 31, 1950 Cabinet instructed the Department of External Affairs and the Department of Transport to begin negotiations with France for the carriage of traffic between Paris and Montreal.

stated that it was my own personal view that the Government would give very sympathetic consideration to any such representations, and that Air France would likely have to delay the commencement of their services until at least the late summer which has been mentioned as the earliest possible date for the commencement of TCA's services to France.

4. Mr. Lesieur was obviously disappointed by this news. However, he did state that up until this time he had refrained from any direct contact with Trans-Canada Air Lines on the question of Canada-France services because he did not wish in any way to prejudice matters which were being discussed at an intergovernmental level. He did inquire if there would be any objection to his approaching TCA with a view to discussing the operational aspects of the commencement of services between Canada and France. I naturally replied that we would have no objection if he wished to do this.

5. In the event that Mr. Lesieur should approach you on this matter I thought it would be useful if you were aware of what was said at our meeting yesterday.

Yours sincerely,
H.O. MORAN

645. DEA/72-ALB-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], July 4, 1950

PROPOSED BILATERAL AIR AGREEMENT WITH FRANCE

I attach for your signature, if you approve, a memorandum for Cabinet submitting for its approval the French and English texts of a Bilateral Air Agreement with France.

2. This memorandum to Cabinet is a revision of the one submitted to you last week. The revisions are on page 3[4] where it is recommended that signature and implementation of the Agreement should proceed without delay unless the commercial considerations affecting TCA are paramount. When Cabinet directed us to negotiate an agreement with France the predominant considerations were political in that we had already concluded a number of similar agreements with other North Atlantic states. I believe it would defeat the original purpose if, after having signified our intention to give them an agreement, we presented the French with a number of unprecedented delays in either signature or implementation.

A.D.P. H[EENEY]

[4] Paragraphe 7 du document 646./Paragraph 7 of Document 646.

646. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 178-50 [Ottawa], July 4, 1950

CONFIDENTIAL

PROPOSED BILATERAL AIR AGREEMENT WITH FRANCE

At its meeting of March 31, the Cabinet authorized the opening of negotiations with the Government of France for an Air Agreement based on the carriage of traffic between Canada and France, but not including traffic to and from third countries.

2. Negotiations were held recently between the representatives of Canada and France and agreement was reached on a draft of an "Agreement for air services between and beyond the respective territories of the two countries", the English and French texts† of which are forwarded with this memorandum.

3. The proposed agreement provides for the reciprocal exchange of third and fourth freedoms and will permit the direct carriage of traffic between Canada and France. Montreal is named as the terminal in Canada which will be served by the airline designated by the Government of France. The Agreement is based on a standard text and similar agreements have been concluded with several countries since the end of the war.

4. The main problem to be resolved in connection with this Agreement is the date of implementation:

On the one hand, Air France is prepared to commence operations at once and is anxious to do so in order to tap the lucrative summer traffic. Consequently, the French Government is pressing us to have the Agreement approved. As negotiations have now been completed at the official level, obvious political and diplomatic difficulties would arise if approval of the Agreement were postponed.

On the other hand, Trans-Canada Airlines are not prepared to inaugurate a service to France before the Spring of 1951 and are strongly opposed to the authorization of a French airline on this route before they can begin operations. TCA feel that Air France would have a considerable competitive advantage over them by next Spring.

5. If the Agreement is signed now, it will, under the provisions of Article 12, come into force on the date of signature. Signature in the first half of July would probably enable Air France to begin operations in August.

6. If it is decided to delay the implementation of the Agreement, there are two alternative ways of doing so:

1) to postpone signature of the Agreement;

2) to change Article 12 so as to arrange that the Agreement shall come into force at some future date.

Either of these alternatives would represent an unprecedented procedure in our bilateral air negotiations. It would also mean that we were granting less favourable treatment to France than to other West European countries with whom we have bilateral air agreements. Air Transport Board state that they would not be able to withhold or substantially delay the authorization for Air France after the Agreement comes into force. The French negotiators were informed that there would be no undue delay in granting the authorization.

7. The undersigned has the honour to submit the attached Agreement for approval and to recommend that in view of the political and diplomatic considerations involved the Agreement be signed and implemented without delay unless the commercial considerations are paramount.[5]

L.B. PEARSON

SECTION B

NORVÈGE
NORWAY

647. PCO

Note du secrétaire d'État par intérim aux Affaires extérieures pour le Cabinet

Memorandum from Acting Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 11-50 [Ottawa], January 9, 1950

PROPOSED BILATERAL AIR AGREEMENT WITH NORWAY

Discussions have been held recently between representatives of Norway and Canada with a view to concluding an agreement for air services between the respective territories of the two countries. A draft agreement,† as attached to this memorandum, has now been agreed upon in these negotiations subject to the final approval of both Governments.

2. This proposed air agreement provides for the reciprocal exchange of the Third and Fourth Freedoms and will permit the direct carriage of traffic between Canada and the Scandinavian countries. Gander, Newfoundland, is designated as the terminal in Canada which will be served by the airline designated by Norway. This agreement is similar to the agreement which Canada signed with Sweden on June 27, 1947, and with Denmark on December 13, 1949.

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[5] Le Cabinet a accepté le 12 juillet 1950 de signer et d'appliquer le traité sans retard. L'accord a été signé à Ottawa le 1er août 1950. Voir Canada, *Recueil des traités*, 1950, N° 13.
On July 12, 1950 Cabinet agreed to sign and implement the treaty without delay. The agreement was signed in Ottawa on August 1, 1950. See Canada, *Treaty Series*, 1950, No. 13.

3. The Governments of Norway, Denmark and Sweden participate in a jointly-operated airline, Scandinavian Airlines System. As a result, if the agreement with Norway is signed it will be necessary to have an exchange of notes in which Canada recognize that this jointly-owned airline meets the requirements of the proposed agreement. This note is also similar to the ones sent to Sweden and Denmark at the time of the signature of the agreements with those countries.

4. The undersigned has the honour to recommend that Canada should now approve and sign the proposed air agreement with Norway together with the exchange of notes relating to the ownership of Scandinavian Airlines System.[6]

BROOKE CLAXTON

SECTION C

ÉTATS-UNIS: MISE EN OEUVRE DE L'ACCORD AÉRIEN
UNITED STATES: IMPLEMENTATION OF AIR AGREEMENT

648. DEA/9330-40

Note de la Direction économique
pour le sous-secrétaire d'État adjoint aux Affaires extérieures

Memorandum from Economic Division
to Assistant Under-Secretary of State for External Affairs

Ottawa, January 16, 1950

I enclose a copy of a memorandum outlining the background of discussion in the Cabinet concerning the recent civil aviation discussions with the United States.

O.G. STONER

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

Ottawa, January 16, 1950

BACKGROUND OF DISCUSSION IN CABINET

Following the signature of the Bilateral Air Agreement last June, a number of reports were submitted to Cabinet from time to time concerning the implementation of this Agreement. However, at a meeting of the Cabinet on November 18th,

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[6] Approuvé par le cabinet le 17 janvier 1950. L'accord a été signé à Ottawa le 14 février 1950. Voir Canada, *Recueil des traités*, 1950, N° 1.
Approved by Cabinet on January 17, 1950. The agreement was signed at Ottawa on February 14, 1950. See Canada, *Treaty Series*, 1950, No. 1.

the first reference was made to the possibility of the Air Transport Board taking direct action against Colonial Air Lines. The Prime Minister, Mr. Howe and Mr. Claxton were present at this meeting when Mr. Pearson reported that the United States District Court had voted two to one against the Colonial test case, but that the latter proposed to appeal this decision to the Supreme Court. He suggested that two courses of action were possible: One would involve suspension of the licences granted at Gander, and the other would be to take direct action against Colonial Airlines with respect to their licence granted by the Air Transport Board to operate between Montreal and New York.

2. On November 23rd, with the Prime Minister and Mr. Claxton present, but with Mr. Pearson absent, Mr. Howe as Acting Minister of Transport, reported that the Air Transport Board had asked for direction concerning the advisability of issuing a show-cause order to Colonial Airlines. The Cabinet after consideration decided that there would be no objection to the issuance of a show-cause order by the Air Transport Board should the Board feel it desirable. Accordingly, on November 30th, following the decision in the United States to continue the injunction which prevented the Civil Aeronautics Board from licensing T.C.A., Mr. Howe authorized the Air Transport Board to issue the show-cause order.

3. Following the issuance of this show-cause order, and at the request of the United States Government, discussions were held in Ottawa between representatives of the two governments.

4. At a meeting of the Cabinet on December 21st, at which the Prime Minister, Mr. Howe and Mr. Claxton were present, Mr. Pearson reported on the preliminary results of these discussions. He suggested one solution might be for the Air Transport Board to withhold suspension in return for certain concessions which might be offered by the United States. The Cabinet agreed that the policy in this respect should be decided by the Secretary of State in consultation with the Minister of Transport.

5. Discussions were reconvened with the United States representatives on January 10th in Ottawa. Prior to this on January 5th, Cabinet discussed this again. The Prime Minister, Mr. Howe and Mr. Claxton were all present. When Mr. Chevrier reported further on the results of these civil aviation discussions with the United States representatives, he pointed out at that stage it was hoped that the United States Supreme Court might be able to lift the injunction against the Civil Aeronautics Board. This was the first meeting at which Mr. Chevrier had been present during the past month and a half when this question was discussed in Cabinet. Cabinet noted Mr. Chevrier's report but took no action.

O.G. STONER

649. PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET [Ottawa], January 17, 1950

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AIR AGREEMENT WITH THE UNITED STATES; DISCUSSIONS CONCERNING COLONIAL AIRLINES

6. *The Minister of National Defence as Acting Secretary of State for External Affairs*, referring to discussion at the meeting of January 5th, reported that, after consultation between Canadian and U.S. representatives, it had been agreed that:

(a) the U.S. Government would not designate a U.S. carrier on the direct New York-Toronto route until they were in a position to license a Canadian carrier on the New York-Montreal route;

(b) the U.S. Government would not seek a permit for U.S. carrier on the Edmonton-Grand Falls route until a decision on the Colonial case had been made by the U.S. Supreme Court;

(c) the U.S. Government would make immediate application for a speedy hearing of the Colonial case by the Supreme Court. Such application had already been made and the Chief Justice had agreed that the hearing begin on February 17th.

The above points of agreement had been announced publicly. It had also been agreed, but not announced, that after the Supreme Court hearing (if the Court decision upheld the validity of the Air Agreement), the Civil Aeronautics Board would handle the Trans-Canada Air Lines application with the greatest expedition. If the Agreement was not upheld, the decision would affect a great many other U.S. agreements and would result in an extremely confused situation.

The Air Transport Board had indicated that, in view of developments arising out of the intergovernmental discussions, it would not take action against Colonial Airlines.

So far as the Air Agreement was concerned, it was clear that there was a fundamental difference of interpretation between the United States and the Canadian authorities. Discussions on the interpretation would be necessary but probably would not begin until after the Supreme Court decision.

(External Affairs memorandum, Jan. 16, 1950).[7]

[7] Probablement la pièce jointe du document 648./Presumably the enclosure to Document 648.

7. *The Cabinet*, after discussion, noted with approval the report of the Acting Secretary of State for External Affairs concerning discussions with the United States on the Air Agreement, particularly in relation to Colonial Airlines.

650. DEA/9330-40

Le sous-secrétaire d'État adjoint aux Affaires extérieures au président des lignes aériennes Trans-Canada

Assistant Under-Secretary of State for External Affairs to President, Trans-Canada Airlines

Ottawa, February 6, 1950

Dear Gordon [McGregor],

Last night's press release announcing that Colonial Airlines would drop their court case was no doubt welcome news to you. As a matter of fact this whole affair has gone quite satisfactorily. I know that on your side you were not entirely happy following the inter-Governmental discussions but actually they accomplished a great deal. In the first place they moved ahead the hearing of the Colonial lawsuit to February 17 which represented an advance of anywhere from five months to one year. Secondly, it impressed on Colonial Airlines that the Canadian authorities held extremely strong views about the Company's conduct since the signing of the Bilateral Agreement on June 4, 1949. Thirdly, it enabled us to impress the United States representatives with our case in equity even though we were without a case in law and this will be helpful to us in future similar cases.

My personal opinion is that Colonial Airlines have pulled down their flag only because they recognize that they could not succeed before the United States Supreme Court. They are also aware that their relationship with the Civil Aeronautics Board was becoming more strained each week and that they had lost in Canada whatever good will toward them ever existed. Their objective was obviously to prevent as long as possible the operation of your Company on the Montreal-New York route. If the date of the hearing had not been moved forward I am certain that Colonial Airlines would have reserved this "magnanimous gesture" until shortly before the actual date of the hearing.

However, the real purpose of this letter is to say that Colonial Airlines will undoubtedly seize upon any technicality which may enable them to prevent your operations on the New York-Montreal route. I would suggest, therefore, that if you have not already done so you arrange for your lawyers to examine carefully United States air regulations to ensure that you are complying with them in every regard. In other words, as the date approaches when you will be in a position to fly this route, it would be advisable for TCA to examine its fences and make certain that they are in a state of good repair. No doubt this has already been done but I felt I should mention to you that although Colonial has abandoned its present lawsuit it is

my opinion that they will continue to look for bona fide methods of preventing or delaying your Company's operations.

Yours sincerely,
H.O. MORAN

CHAPITRE VII/CHAPTER VII
RELATIONS AVEC LE COMMONWEALTH
COMMONWEALTH RELATIONS

PREMIÈRE PARTIE/PART 1

RÉUNION DES MINISTRES DES AFFAIRES ÉTRANGÈRES DU COMMONWEALTH, COLOMBO, 4-14 JANVIER 1950
MEETING OF COMMONWEALTH FOREIGN MINISTERS, COLOMBO, JANUARY 4-14, 1950

651. DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET Ottawa, December 12, 1949

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COMMONWEALTH CONSULTATION

12. *Mr. Feaver* referred to the statement made by the Minister in the House of Commons on December 9 in which he announced the Canadian Delegation to the meeting of Commonwealth Foreign Ministers to open in Colombo, Ceylon, on January 9. The delegation headed by Mr. Pearson will consist of Mr. Reid, Mr. Johnson, Mr. Menzies and Mr. LePan of the Department and Mr. T.N. Beaupré of the Department of Trade and Commerce. We have been informed that the economic discussions at the Conference will run concurrently with the political discussions.

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652. DEA/50012-40

Le haut-commissaire au Royaume-Uni au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom to Secretary of State for External Affairs

TELEGRAM 131 London, January 21, 1950

SECRET. IMMEDIATE.

Following received today from Canadian Delegation, Colombo, Begins: January 17th. Immediate. Secret.

Following from Mr. Pearson for Heeney, Begins: On the economic side the main work of the Colombo Conference has been to try to create a context in which it might be possible to solve the problem of the sterling balances.

2. The meetings of officials disclosed strong resentment on the part of the Indians and Pakistanis that this problem was being discussed behind their backs in the continuing tripartite conversations in Washington. These feelings were so strong that they explain in large measure the hesitancy the British have shown in Washington to do more than present factual material. Until they had removed some of the sting of the resentments felt in India and Pakistan, they clearly thought that it would be unsafe for them to proceed much further in discussing this subject with the Americans and ourselves. Considerable progress was made in this regard at Colombo. The Indians and Pakistanis will continue to be suspicious of the tripartite conversations, but at least some of the nettles in their mind have been plucked out by Wilson Smith's tactful handling of a very prickly subject.

3. In the Foreign Ministers' meetings Bevin was able to pick up and turn to account suggestions made by Spender of Australia and (in a somewhat different form) by [Jayawardene] of Ceylon at an early stage in the Conference that the Commonwealth should extend economic assistance to the under-developed countries of South and South-East Asia. Although the British did not arrive with any settled tactical intentions, they hoped that in the course of the Conference action could be initiated which would make it easier for the United States later to participate in some kind of economic assistance plan for Asia. This would have the result not only of strengthening the economies of the recipient countries and so of helping them to combat the spread of Communism, but also of supplying the sterling area as a whole with a flow of dollars which might be expected to continue after the end of the European Recovery Programme. It would also provide a framework in which attempts to scale down the sterling accumulations, or at least severely restrict drawings on them, would have a greater chance of success.

4. My immediately following telegram contains the text of the Conference recommendations on this subject. Since it may be difficult to gather from this rather general document what action is contemplated, it may be useful to describe briefly the various stages by which it is intended that the circle of economic co-operation centered on South and South-East Asia may be progressively widened.

5. As a first step the Australian Government would extend invitations to all other Commonwealth Governments to participate in the new Consultative Committee, the establishment of which has been recommended in the Conference resolution. Although we, like other Commonwealth Governments, would receive an invitation, it would cause no surprise to any of the Governments more directly concerned if we were to decline on the grounds that we have heavy commitments in other areas. My provisional view is that our proper course would be to suggest that we be represented on the Consultative Committee by an observer. The United Kingdom would almost certainly accept an invitation at this first stage. But Bevin made it clear in the Conference that the financial assistance which the United Kingdom could contribute would be severely limited because of the substantial financial contributions which it has made, and is currently making, in this area.

6. In the first instance, then, the Consultative Committee would be a purely Commonwealth body. It would include Australia, New Zealand, India, Pakistan, Ceylon, and the United Kingdom. This nuclear group of countries would hold its first meeting in Canberra and would examine the possibilities of self-help and mutual aid. As the next step invitations would be issued to other countries in the area, i.e. Burma, Malaya, India, Indonesia, Indo-China, and Thailand.

7. When such an expanded Committee had become a reality, the hope is that the United States would agree to collaborate and to underwrite the initiative with new financial aid. If this hope were fulfilled and United States dollars were granted in some form to India, for example, it should be possible to curtail much more rigorously India's drawings on its accumulated balances, even if the Indian Government still could not be induced to agree to partial cancellation.

8. The manoeuvre which is developing is still vague and shadowy, as you will see; and there are many possible contingencies which could falsify the cautious hopes which are entertained for it here. But it is a promising move, I think, and deserves at least our sympathy. Ends.

653. DEA/11038-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 132 London, January 21, 1950

SECRET. IMMEDIATE.

Following received today from the Canadian Delegation Colombo, Begins: January 17th.
Following from Mr. Pearson for Heeney, Begins: Following is the text of the resolution referred to in my immediately preceding telegram, Begins:

A. The Conference of Commonwealth Foreign Ministers recommends that the participating Governments should:

(I) Examine the possibility of making financial assistance available for essential productive purposes in South and South East Asia, taking into account their existing commitments.

(II) Support as high a priority as possible for projects presented to the International Bank for Reconstruction and Development which would contribute to the economic well being of the area and would be in accordance with the Bank's objectives.

(III) Contribute to the technical assistance work of the United Nations and its specialized agencies, and to support in these organizations as high a priority as possible for the needs of South and South East Asia.

(IV) Examine the possibility of making supplementary bilateral arrangements in appropriate cases for the provision of direct technical and other assistance.

(V) Generally, consider proposals for the economic development of the area, keeping in view the possibilities of mutual assistance.

B. With a view to the implementation of these recommendations the Conference further recommends the establishment of a Consultative Committee, membership of which will be open to all Commonwealth Governments which wish to participate, with the following terms of reference:

(1) To receive from Governments an indication of the action which they consider it feasible to take in response to the recommendations in Section A.

(2) To approach the Governments of countries outside the Commonwealth interested in the area with a view to enlisting their collaboration;

(3) To examine the methods of co-ordinating development activities in South and South East Asia, in association with international and regional organizations concerned with the object of raising the level of production and the standard of living in the area.

(4) To examine the desirability of promoting international commodity agreements for basic products, which would benefit the area and could be recommended for consideration under the Havana Charter;

(5) To consider whether the economic development of under-developed countries of the area would be assisted by the drawing up of a co-ordinated plan of development and by the establishment of special machinery;

(6) To make recommendations to Governments.

C. If these recommendations are accepted the Australian Government would be pleased to accept the responsibility of convening the first meeting of the Consultative Committee in Australia. Ends.

654. DEA/50081-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 133 London, January 21, 1950

SECRET

Following received today from the Canadian delegation, Colombo, Begins: January 17th. Secret.
Following from Pearson for Heeney, Begins: The following are some preliminary impressions of the Colombo meeting. The delegation will of course be submitting a comprehensive written report† on its return to Ottawa and I shall make a report† to Cabinet on my return. This telegram should be read along with my accompanying telegram on the economic side of the discussions and the supplementary telegram on the proposed loan of seven and a half million pounds to Burma.

2. On the whole I would characterize the Conference as a success. In general it accomplished what I had considered to be its main objective — providing the non-Asian members of the Commonwealth with an opportunity to gain a better understanding of the points of view of the Asian members on some of the main questions of foreign policy, especially those relating to South-East Asia.

3. The discussions were conducted in conversational and friendly tones. There were no displays of anger or even of bad feeling. For the most part nothing was said at the meetings which could not have been said in public and, of course, none of the controversial intra-Commonwealth questions were touched upon in the formal meetings — such questions as Kashmir, the economic dispute between India and Pakistan, the treatment of Indians in South Africa or defence questions.

4. The two leading participants in the discussions were Bevin and Nehru. Bevin was extremely tired and unwell at the beginning of the Conference but his health and spirits seemed to improve as the week went on. I would think, however, that it is very improbable that he will continue long as Secretary of State for Foreign Affairs even if the Labour Government should be returned. He is really a pretty sick man.

5. Nehru spoke with studied moderation at all the meetings and demonstrated that he is a master of the traditional diplomatic language of understatement. When he differed with the United Kingdom policy as over the proposed recognition of the Bao Dai regime in Indo-China, he expressed his differences of opinion firmly but politely.

6. The discussion of the various items on the agenda was uneven, partly because some of the items were expressed very vaguely, including such items as "the general international situation" and "Europe", and partly because the Prime Minister of Ceylon, though a genial and popular Chairman, was inexperienced and not very effective in guiding discussion.

7. There was a good discussion about the recognition of China. Australia and New Zealand were disturbed because the United Kingdom granted recognition a day or two before the meeting. The United Kingdom did not make a good case for recognizing immediately before the meeting. It did, however, demonstrate that there had been adequate consultation and I took the opportunity to make clear that not only did we believe there had been adequate consultation but that every Commonwealth Government had complete freedom of action to act as it considered best in any matter of foreign policy. I was myself greatly impressed by the arguments put forward by both the United Kingdom and India for recognition of the Communist Government of China and I am sending a separate telegram on this question.[1] Mr. Nehru advocated with support from Mr. Bevin that recognition should be followed by adoption of a cautious but not unfriendly policy which would have the best chance of encouraging the new Government to pursue a policy independent of the Soviet Union.

8. The discussion of Indo-China was a disappointment for the United Kingdom. They had apparently given France to understand that they would shortly give de

[1] Voir le document 1011./See Document 1011.

facto recognition to the regime of Bao Dai. Though the United Kingdom case was given by Bevin and backed by Malcolm MacDonald, it did not seem to make any converts among the Asian states to whom the remarks were principally addressed. Nehru, perhaps partly because of irritation with France over Pondicherry and partly because he is not satisfied that France is willing to give real self-Government to Indo-China, was firmly opposed to any kind of recognition of the Bao Dai regime in the Asian states. When asked by us at one meeting what advice he would give the French he said that he would be inclined to urge them to try to bring about a rapprochement between Bao Dai and Ho Chi Minh on the basis of arranging for free elections with a view to the appointment of a Constituent Assembly which might devise means of establishing a new single Government. (I have learned today that United Kingdom will probably give de facto recognition to the Bao Dai regime in about a week's time.)

9. The discussion on the Japanese Peace Treaty revealed a wide divergence of views between Australia and New Zealand on the one hand and the Asian members of the Commonwealth on the other. Australia and New Zealand spoke again of the bitterness their people felt towards Japan and of their concern that Japan should not again threaten their security. The Asian representatives emphasized that an intelligent, hardworking and proud people such as the Japanese could not for long be kept under the domination of other Powers; in this they were in general supported by the representatives of South Africa, the United Kingdom and by myself. It was agreed to recommend that a working group of officials of Commonwealth countries should meet to study the details of the Japanese peace settlement.[2] No definite decision was made on where the meeting should take place but it is probable that most Commonwealth countries will be in favour of a meeting in London under the direction of the High Commissioners there.

10. In addition to discussion for the loan to Burma there was some discussion of the complex political situation there with general agreement that some means should be found to secure an agreement between the Government and the Karens.

11. An interesting point brought out in the meetings was that Pakistan more than India and Ceylon has a two-front foreign policy which is as interested in the political and economic problems of the Middle East as in South East Asia.

12. As the official communiqué states,[3] the greater part of the time of the meeting was given to a review of problems of South East Asia and South Asia (India, Pakistan and Ceylon). In my accompanying telegram on the economic side of the discussions I deal with the recommendation on this subject. The establishment of the proposed Consultative Committee is, of course, merely a first step but if this first step is followed by other necessary steps in the right direction, a great deal may be done not only to solve the problem of the sterling balances but also to shore up our defences in this area against the tide of Soviet expansionism. There is danger, of

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[2] Voir le document 1039./See Document 1039.

[3] Voir/See Nicholas Mansergh, ed., *Documents and Speeches on British Commonwealth Affairs 1931-1952, Volume II*, London: Royal Institute of International Affairs: Oxford University Press, 1953, pp. 1186-1188.

course, that too great hopes may be aroused by the Colombo meeting's recommendations on this subject and it would certainly be dangerous and misleading at this time to speak of a "Marshall Plan" for Asia. However, the action of the Colombo meeting may have an immediately good psychological effect in South and South East Asia by demonstrating that the non-Asian members of the Commonwealth recognize the importance of strengthening the economies of the Asian members and of South East Asia.

13. One useful purpose which the meeting served was to provide an intensive course in the realities of present Commonwealth relations for the new Australian and New Zealand Ministers of External Affairs. Their parties have been out of office during a period in which there have been very great changes in the nature of the Commonwealth and the new Ministers might, therefore, have been expected to have a rather out-of-date view of Commonwealth relations. The New Zealand representative, Doidge, at the beginning of the Conference, was talking about New Zealand being "a daughter in her mother's house but mistress of her own." I think he now realizes that this view of the Commonwealth is not held by any of the other Commonwealth External Affairs Ministers.

14. At meetings of Commonwealth Ministers hitherto the order of speaking has been the order of seniority of Commonwealth countries — the United Kingdom, Canada, Australia, etc. At this meeting, perhaps because of a suggestion we made informally, the order of speaking differed according to the item which was being discussed, and the usual order was either the United Kingdom or India to begin with, then the other two Asian members, and then Australia and New Zealand. Canada and South Africa, as being the two countries least directly concerned in Asian questions usually spoke at the end. I think that this break with tradition was healthy and reflects the realities of the present Commonwealth.

15. The only question on which I thought it appropriate to make a fairly formal and detailed statement of policy towards the beginning of the discussion was on the subject of the United Kingdom association with plans for closer Western European Union. The text of my statement is given in my immediately following telegram. You might wish to send this to our missions in the United States and Western Europe for their information. Indeed there seems to be no reason why they should not pass it on to the Governments to which they are accredited.

16. There was unfortunately no discussion of the vexatious and sterile question of "improving" Commonwealth machinery for consultation nor was there any discussion of such questions as the designation of High Commissioners or the Royal Style and Titles. The former question was on the agenda for a while but it was quietly dropped. The reason for this was that the South African representative had received instructions to support strongly the dropping of the term High Commissioner and to urge that the title of representatives exchanged between Commonwealth countries should be a matter for bilateral agreement between the two countries concerned. This would enable South Africa to accept Ambassadors from the white Commonwealth countries but not from Asian countries. This information was given to us in confidence. It was clear, therefore, that a discussion of this subject at this meeting would be bound to cause bad feelings. Ends.

655. DEA/10767-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 134 London, January 21, 1950

RESTRICTED

Following received from the Canadian Delegation, Colombo, Begins: January 13, 1950. Commonwealth Foreign Ministers' Conference, Colombo. Statement by Mr. Pearson.

EUROPEAN ECONOMIC CO-OPERATION

For our part we welcome the prospect of closer economic co-operation among the countries of Western Europe. Such a development might be expected to contribute to the military strength of the democratic countries concerned and also, by eliminating uneconomic production and encouraging competitive efficiency, to hasten the day when they would no longer require extraordinary financial assistance from abroad. It would also restore to countries occupied and ravaged during the war that sense of hope which they need now more than they need United States dollars. Western Europe could once again look forward to playing in the world the great role for which its history and the resourceful intelligence of its people qualify it.

It is impossible for us to conceive of effective economic co-operation in Western Europe without the participation of Germany. Yet there is always the danger that, unless Germany can be articulated into a large and powerful grouping of democratic States, Germany may once again threaten the peace of Europe. For this and other reasons we feel that in some way the United Kingdom must be associated in plans for closer economic and indeed political co-operation within the European Continent.

The difficulties in the way of such association are formidable. The United Kingdom has responsibilities to the countries now joined in the North Atlantic Treaty, to the sterling area and to the Commonwealth as a whole. It is of great importance that none of those valuable links should be broken. In a meeting of this sort it is not necessary for a Canadian to emphasize how much we in Canada value the Commonwealth association. It may be more necessary for me to make clear that we also recognize the importance of the economic links which bind members of the sterling area together. We often in Ottawa worry about some of the policies of the sterling area, especially when they seem to hurt us severely in reducing imports from Canada and when they sometimes give us the feeling that the sterling area is regarded as an end in itself and not merely a means to an end, yet in some ways the sterling area is a counterpart in the economic sphere to the political link between Eastern and Western countries which is furnished by the Commonwealth. In addition it provides a large though of course limited area in which multilateral trade is possible.

As we see it, the problem is to devise means whereby the United Kingdom can feel free to play an increasingly intimate part in European co-operation without causing serious rupture to the many world-wide connections that pass through her hands. To find a solution for such a problem can never be easy. I do not believe it is impossible, however.

During the past few months a great number of proposals for closer economic co-operation in Europe have been put forward. Some of them are perhaps as frivolous as the names they bear. Others, however, are more solidly based and deserve careful examination.

In examining them I would suggest that two tests should be applied. First of all, it should be determined whether the plan has substantial content or is merely a gesture. Does it take account of present-day economic realities in Western Europe and the rest of the world? Is it likely to further the ends which it purports to serve? Secondly, each plan should be tested against the criterion of whether or not it will lead to a progressively wider co-operation in trade and other economic matters between all the countries in the free world.

I do not intend to examine individually the various proposals which have recently been made or to pronounce judgement on which of them seem to us to emerge from these tests with credit. Some of them seem to my Government to be as likely to encourage the development of new high-cost industries and increased high-cost agricultural production in Europe as to lead to the objectives of greater efficiency and lower costs and prices at which they purport to be aiming. What must be avoided is the creation of a closed, high-cost, inflationary economic bloc, whether a sterling bloc, a Commonwealth bloc, a European bloc, or a North American bloc, which would make progress toward a wider multilateral system of trade and payments more difficult. I have said that we recognize, at least under present conditions, the advantages to world trade of the sterling area. We have always contended, however, that the sterling area as we know it today should be regarded as a transitional stage on the way to a trading system where currencies will be convertible and where exchange controls and quantitative restrictions will be drastically reduced. In the same way I would argue that any new economic bloc which might be set up in Europe should be so designed as to facilitate rather than retard progress towards this goal.

It is often said in Canada that, in the short run at least, such a bloc might do some damage to Canadian trade. I would hope that it would not be serious. Nevertheless, it would be better for us in Canada to suffer some temporary disadvantages rather than to see the prospect of closer economic co-operation which we believe to be necessary in Western Europe made impossible because the United Kingdom is unable to participate. We naturally reserve the right to study the details of any plans which may be advanced and to urge that they should be framed in such a way as to reduce the possible damage to our own legitimate commercial interests to a minimum. The United Kingdom will, of course, examine them in the same way. In particular, the United Kingdom will require assurances that any such plan will have the result merely of adjusting, rather than of breaking its existing ties with the Commonwealth, the sterling area and the countries of the North Atlantic commu-

nity. But we would not like the United Kingdom to be embarrassed or inhibited in examining these European proposals, some of which originate in the United States, on their merits because of fears that Canada as a member of the Commonwealth would unreasonably object. On a great number of occasions Mr. Bevin has shown high courage and a lively sense that it is often necessary to go forward even though there are a lot of difficulties in the way, some of them obscure ones. We in Canada would not like him to be prevented from making another such act of faith because of the feeling that Canada as a member of the Commonwealth is unreasonably frightened of the unknown. Ends.

656. L.B.P./Vol. 22

Projet d'un télégramme du haut-commissaire au Royaume-Uni au secrétaire d'État aux Affaires extérieures

Draft Telegram from High Commissioner in United Kingdom to Secretary of State for External Affairs

SECRET [London], January 26, 1950

From Pearson for Heeney.

Discussion at Colombo of a proposed Loan to Burma of £7 1/2 million from Commonwealth countries. This proposal, which I gather was broached some months ago by the United Kingdom Government to the governments of other Commonwealth countries within the sterling area, contemplates primarily the transference of sterling into the No. 2 (blocked) account in London of the Burmese Currency Board in order to provide additional backing for the Burmese currency. The money would remain in London and could not be used for the purchase of goods overseas. The Burmese could, however, either issue more notes for internal finance or substitute the money lent to them for their own money which they had put into the Currency Board for currency backing and thus obtain extra sterling for overseas expenditures.

2. At Colombo Bevin promised a United Kingdom contribution of £3 3/4 million. Nehru undertook to provide £1 million, subject to parliamentary sanction in New Delhi. Spender of Australia and Ghulam[4] of Pakistan both agreed to recommend to their governments that they contribute £500,000 each. I reserved our position, and made it clear that it would be wrong for me to hold out any expectation of a Canadian contribution. I did, however, say that I would bring the proposed loan to the attention of the Canadian Government.

3. Under this scheme sterling-area countries can assist in supporting the Burmese Government with a minimum of sacrifice or risk. Any contribution from Canada, on the other hand, would impose some genuine strain on our overall exchange position. I have not gone into great detail, because I think this is a subject which might well await my return to Ottawa. It could then be considered in the light of the discussion at Colombo and of the suggestion made by Acheson to Wrong last

[4] Ghulam Mohammed, ministre des Finances et des Affaires économiques, Pakistan.
Ghulam Mohammed, Minister of Finance and Economic Affairs, Pakistan.

December that the Commonwealth might assume special responsibility for Burma and Southeast Asia generally.

2e PARTIE/PART 2

PLAN DE COLOMBO
COLOMBO PLAN

SECTION A

RÉUNION DU COMITÉ CONSULTATIF DU COMMONWEALTH SUR L'ASIE DU SUD-EST, SYDNEY, 11-20 MAI 1950
MEETING OF COMMONWEALTH CONSULTATIVE COMMITTEE FOR SOUTH-EAST ASIA, SYDNEY, MAY 11-20, 1950

657. PCO

Note du chef du Comité interministériel sur la politique du commerce extérieur pour le Cabinet

Memorandum from Chairman, Interdepartmental Committee on External Trade Policy, to Cabinet

CABINET DOCUMENT NO. 73-50 [Ottawa], March 8, 1950

SECRET

RE CANADIAN PARTICIPATION IN THE PROPOSED CONSULTATIVE COMMITTEE FOR SOUTH AND SOUTH-EAST ASIA

1. At the meeting of Cabinet of February 14th, the Secretary of State for External Affairs reported that the Colombo Conference had approved a resolution for the establishment of a Commonwealth Consultative Committee to investigate the possibilities of cooperation in the economic development of South and South-east Asia. The Cabinet directed that the Interdepartmental Committee on External Trade Policy consider the proposal and report back.

2. The resolution of the Colombo Conference on the Consultative Committee was as follows:

"A. The Conference of Commonwealth Foreign Ministers recommends that the participating Governments should:

(i) examine the possibility of making financial assistance available for essential productive purposes in South and South-East Asia, taking into account their existing commitments;

(ii) support as high a priority as possible for projects presented to the International Bank for Reconstruction and Development which would contribute to the economic well-being of the area and would be in accordance with the Bank's objectives;

(iii) contribute to the technical assistance work of the United Nations and its Specialized Agencies, and to support in these organizations as high a priority as possible for the needs of South and South-East Asia;

(iv) examine the possibility of making supplementary bilateral arrangements in appropriate cases for the provision of direct technical and other assistance;

(v) generally, consider proposals for the economic development of the area, keeping in view the possibilities of mutual assistance;

B. With a view to the implementation of these recommendations the Conference further recommends the establishment of a Consultative Committee, membership of which will be open to all Commonwealth Governments which wish to participate, with the following terms of reference:

(i) to receive from Governments an indication of the action which they consider it feasible to take in response to the recommendations in Section A;

(ii) to approach the Governments of countries outside the Commonwealth interested in the area with a view to enlisting their collaboration;

(iii) to examine the methods of co-ordinating development activities in South and South-East Asia, in association with international and regional organizations concerned with the object of raising the level of production and the standard of living in the area;

(iv) to examine the desirability of promoting international commodity agreements for basic products, which would benefit the area and could be recommended for consideration under the Havana Charter;

(v) to consider whether the economic development of under-developed countries of the area would be assisted by the drawing up of a co-ordinated plan of development and by the establishment of special machinery;

(vi) to make recommendations to Governments.

C. If these recommendations are accepted the Australian Government would be pleased to accept the responsibility of convening the first meeting of the Consultative Committee in Australia."

3. The Interdepartmental Committee were of the view that it would not be realistic to expect that Canada could accept the recommendations and become a full member of the Consultative Committee without assuming thereby some degree of financial commitment in view of recommendation A(i). At the same time, it was felt that any financial obligation might be quite modest and that it did not constitute an adequate reason for not accepting the resolution.

4. It is apparent that the Australian Government have interpreted the remarks of the Secretary of State for External Affairs in the House of Commons as meaning that Canada would accept the resolution and become a full member in the Consultative Committee.[5] In view of this impression and of the misinterpretation that might be placed upon any action by Canada either to remain outside the Committee or to

[5] Voir Canada, Chambre des Communes, *Débats*, 1950, volume I, p. 136.
See Canada, House of Commons, *Debates*, 1950, Volume I, p. 132.

be represented only by an observer, the Interdepartmental Committee are of the view that Canada should agree to accept full membership.

5. The Interdepartmental Committee was particularly concerned at possible implications of recommendation A(ii). It was felt that it tended to weaken the position that Canada had on the Board of Directors of the Bank as a disinterested party. It was thought, moreover, that the interpretation of our obligation under the recommendation might be quite difficult in respect of any particular proposal that might arise. Finally, it was considered that the recommendation could be interpreted as amounting to the establishment of a Commonwealth pressure group for certain purposes. This is a departure from normal Commonwealth practice and to some extent also it involves an infringement on the usual Canadian policy of refraining from committing Canadian action in advance in respect of any matters in the United Nations or other international organizations.

6. For these reasons, the Committee was of the view that Cabinet might wish to consider whether a communication should be sent to the other participating governments in the Consultative Committee pointing out the possible difficulties that are seen in connection with recommendation A(ii) and suggesting that an agreed interpretation of the recommendation be arrived at or other action be taken to reduce the possibility of embarrassing the governments concerned.[6]

N.A. ROBERTSON

658. PCO

Note du chef du Comité interministériel sur la politique du commerce extérieur pour le Cabinet

Memorandum from Chairman, Interdepartmental Committee on External Trade Policy, to Cabinet

CABINET DOCUMENT NO. 74-50 [Ottawa], March 8, 1950

SECRET

RE COMMONWEALTH LOAN TO BURMA

1. At the meeting of February 14th, the Secretary of State for External Affairs reported that, at the Colombo Conference, Mr. Bevin had invited contributions from Commonwealth governments to a proposed loan of £7,500,000 to the Government of Burma. The Cabinet directed that the Interdepartmental Committee on External Trade Policy consider the proposal and report.

2. It is understood that undertakings were made at the Colombo Conference by other Commonwealth governments as follows: India - £1,000,000; Australia - £500,000; Pakistan - £500,000; Ceylon - £250,000. The representatives of South

[6] Lorsqu'il a approuvé l'adhésion du Canada au Comité consultatif à sa réunion du 10 mars 1950, le Cabinet n'a pas estimé nécessaire de remettre en question le libellé de la recommandation A(ii).
In agreeing to Canadian membership on the Consultative Committee at its meeting of March 10, 1950, Cabinet did not consider it necessary to question the wording of recommendation A(ii).

Africa and New Zealand indicated that it was not likely that their governments could make any contribution.

3. The proposed loan would result in the transference of sterling into a blocked account in London of the Burmese Currency Board, in order to provide additional backing for Burmese currency or to allow the release of other sterling for overseas expenditures. Unless some special procedure could be arrived at, Canadian participation would amount to a small additional dollar credit to the sterling area. It might also be necessary to have some arrangement with the United Kingdom for re-conversion of our sterling contribution into Canadian dollars if the Government of Burma fell and the advance were returned.

4. The Interdepartmental Committee felt that there was not as substantial an obligation on Canada as there would have been if Burma were a Commonwealth country or if Canada has been involved in the discussions relating to the loan from the beginning. The Committee felt, moreover, that the Canadian public would find it difficult to understand the transaction particularly as Burma must in the present circumstances be regarded as an especially bad risk. The Committee accordingly recommend that Canada should not participate in the proposed loan to Burma.[7]

N.A. ROBERTSON

659. PCO

Note du secrétaire du Cabinet pour le Cabinet

Memorandum from Secretary to Cabinet to Cabinet

CABINET DOCUMENT NO. 130-50 [Ottawa], May 2, 1950

SECRET

MEETING OF THE CONSULTATIVE COMMITTEE FOR SOUTH AND SOUTH-EAST ASIA, CANADIAN PARTICIPATION

1. Establishment of a Commonwealth Consultative Committee to investigate the possibilities of cooperation in the economic development of South and South-east Asia was recommended by the Colombo Conference. It was hoped that the Committee could devise a programme for economic development not only of the Commonwealth countries now participating in the Committee, but also for other countries of South and South-east Asia that might be asked to join in the work of the Committee. It was also hoped that the United States might join at a later date. The programme would be designed both to strengthen the economies of the countries in the area and to help combat the spread of Communism. The recommendation was approved by the Cabinet on March 10. It was agreed that Canada should accept full membership on the Committee and should be represented at the first meeting to be held in Sydney, Australia.

[7] Approuvé par le Cabinet, le 10 mars 1950./Approved by Cabinet, March 10, 1950.

2. The meeting in Sydney will open on May 15. It has already been announced that Mr. Mayhew will represent the government. It is recommended that the delegation be as follows:

Delegate: Mr. Mayhew
Alternate Delegate: Maj. Gen. L.R. LaFleche, Canadian High Commissioner in Australia
Principal Adviser: Mr. D.V. LePan, External Affairs
Advisers: Mr. Neil Perry, Finance,
Mr. B.I. Rankin, Trade and Commerce,
Mr. G.K. Bouey, Bank of Canada
Secretary: A member of the staff of the High Commissioner's Office in Canberra.

3. The agenda for the meeting is currently under discussion among the governments concerned, and a telegram has been sent by External Affairs asking that it should not be finally settled until there has been an opportunity for discussion after the arrival of the delegation. It is proposed to urge that the agenda have first consideration given to what can be done by the countries of South and South-east Asia themselves to assist the economic development of the area. An effort will also be made to have discussion directed to the desirability of securing the further interest and cooperation of the specialized agencies of the United Nations in the development of South and South-east Asia.

4. Draft instructions for the guidance of the delegation have been prepared after consultation among the departments concerned. They are attached herewith for approval.

5. It is proposed that an announcement should be made shortly concerning the purposes of the Sydney meeting and giving the composition of the Canadian delegation.[8]

N.A. ROBERTSON

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

SECRET [Ottawa, May 2, 1950]

INSTRUCTIONS FOR THE CANADIAN DELEGATION
TO THE MEETING OF THE COMMONWEALTH CONSULTATIVE COMMITTEE
ON SOUTH AND SOUTH-EAST ASIA TO BE HELD AT SYDNEY,
AUSTRALIA, THE 15TH OF MAY, 1950

General

1. The Delegation should express the concern of the Canadian Government over conditions in South and South-East Asia. The Government are aware of the urgency of at least making a start in improving the standard of living in such countries as India, Pakistan, Ceylon, Burma, Malaya, Indo-China, Indonesia and Thailand *if the spread of Communism is to be prevented. The establishment of political*

[8] Approuvé par le Cabinet, le 2 mai 1950./Approved by Cabinet, May 2, 1950.

stability and internal security is fundamental to the achievement of improved conditions. The attainment of higher standards of living and development in South and South-East Asia must inevitably depend very largely upon the efforts of the peoples and governments themselves. The role of outside assistance can, at most, be one which is directed to the provision of "missing components" which may be most helpful in the carrying out of comprehensive domestic programmes.

Financial Assistance

2. The Delegation should carefully avoid at this stage committing the Canadian Government in any way, either directly or by inference, to extending financial assistance to the countries of South and South-East Asia. It should be stressed that the Canadian Government cannot even consider this question until the *basic elements of the problem* have been carefully *examined*, until the possibilities of self-help, *maximum utilization of local resources*, and mutual aid among the underdeveloped countries themselves have been thoroughly explored and until procedures have been suggested to ensure that whatever external financial aid may be available will be put to effective use. *The Canadian delegation should discourage any tendency to elaborate programmes designed to establish the overall need for outside assistance in terms of large balance of payments gaps on the example of the Marshall Plan.*

3. The Delegation should resist any attempts that may be made to oversimplify the problem of raising the standard of living in these countries by expressing it in exclusively financial terms without regard to the social conditions which stand in the way of increasing agricultural and other production. They should also look with scepticism at overly grandiose schemes of development. Ordinary hand-pumps may be more suited to some regions than vast irrigation works; and ploughs may be more needed than tractors.

Technical Assistance

4. The Delegation should state that the Canadian Government are prepared to cooperate in *well conceived* plans for providing technical assistance in the area by appropriating monies to finance both the despatch of technical experts from Canada and also the training in this country of students and technicians. In general, it should be suggested that such plans should be concerted through the United Nations Expanded Programme of Technical Assistance, to which the Canadian Government intend to contribute. If it is urged at the Conference that additional technical assistance is required by the countries of South and South-East Asia over and above what they may legitimately expect to receive through the United Nations scheme, the Delegation may indicate that the Canadian Government will be prepared to consider *additional* proposals *which* may be put forward, *where it is considered that Canada is in a special position to be helpful.*

Cooperation with United Nations Agencies

5. The Delegation should urge on the Committee the importance of making full use of the resources of the United Nations and its specialized agencies in the field of technical assistance and the necessity of not duplicating their efforts. Any special Commonwealth or bilateral schemes which may be proposed should be

designed to supplement, and not to compete with, what is being done through the United Nations. The under-developed countries in the area should be advised to make their needs clearly known to the various specialized agencies. And close cooperation should be arranged between the Commonwealth Consultative Committee and the specialized agencies as soon as such cooperation is likely to be fruitful. On the other hand, no undertaking should be given by the Delegation that the Canadian representatives in the specialized agencies will support the granting of a higher priority to the applications of countries in the area than an objective examination of the claims of competing countries would warrant. In particular, care should be taken not to compromise *the position of the Canadian representatives on the Bank and Fund nor* the independent position of the International Bank and its reputation for disinterested dealing.

Sterling Balances

6. The Delegation should take the position that this meeting of the Commonwealth Consultative Committee would not be an appropriate forum in which to discuss the question of the sterling balances.

660. DEA/11038-40

Le ministre des Affaires extérieures de l'Australie au secrétaire d'État aux Affaires extérieures

Minister for External Affairs of Australia to Secretary of State for External Affairs

TELEGRAM 12 Canberra, May 3, 1950

SECRET. IMMEDIATE.

Addressed Secretary of State for Commonwealth Relations, London, No. 106. Repeat to Governments of Canada No. 12; Ceylon No. 11; India No. 16; New Zealand No. 64; Pakistan No. 12.

1. It is the hope of the Australian Government that the Consultative Committee meeting in Sydney will reach agreement on

(a) Objectives of a long term development program for South and South East Asia and on arrangements to begin immediately to prepare such a program on the assumption that international financial assistance will be forthcoming

(b) Immediate, although much more limited measures to be taken by Commonwealth countries collectively to provide assistance to the area

(c) Method of approach to the United States and possibly France and the Netherlands to associate them with these immediate measures pending the evolution of long term plans on a more comprehensive scale.

2. In connection with 1(b), Commonwealth countries have already made contributions to assist the area. The Australian Government believes however that a greater effort is possible and that if this effort is made as a collective organized program it will in itself not only satisfy urgent requirements but also contribute

towards success in 1(a) — that of organizing a more comprehensive and consistent program on an international basis. It will be demonstrated to the United States —

(a) That initiative is being taken in the area itself involving some degree of self help.

(b) That Governments other than the United States, including countries in the region, are prepared to share the burdens.

3. The Australian Government proposes that Commonwealth Governments agree at Sydney to establish a Commonwealth fund for three purposes —

(a) Provision over three years of technical assistance in all its forms (e.g. training facilities, personnel, supplies) which should aim to train in all about 3,000 Asians and provide up to 1,000 technical experts, instructors, etc., and equipment costing in all 8 M. sterling.

(b) Provision of emergency relief in the form of medical supplies and food over the course of three years (a sum not exceeding 4,000,000 pounds sterling is envisaged for this purpose).

(c) Stipulation of an agreed sum up to which Commonwealth Governments individually, or where appropriate collectively, would consider negotiation of credit arrangements with particular countries in South and South East Asia urgently needing such assistance for the provision of high-priority imports. It is suggested that the amount pledged by the Governments for this purpose might be available over a two year period.

4. The Australian Government would suggest that contributions should not be tied to expenditure in the contributing country but should be available for use in soft currency areas. It would be desirable to endeavour to make arrangements with Governments of Europe and other countries with facilities available for the provision of services at the expense of the fund.

5. The Governments would create a Commonwealth Council of all contributing Governments to administer the fund and a Secretariat and small staff of seconded technical officers, the functions of which would include —

(a) Consultation with potential recipients of aid with a view to working out a program in consultation with other international organizations and the United States and other Governments for implementation by the contributing Governments.

(b) Establishment of conditions, where appropriate, for the provision and supervision of aid.

(c) Provision of a core of experts available to assist Governments in the area to prepare long term development plans upon a uniform basis.

(d) Circulation to Commonwealth Governments of economic information about the area.

6. The Australian Government believes that a fund of 8,000,000 pounds sterling would be sufficient for the technical assistance part of the program. So far as concerns the sums stipulated as available for the credit negotiations with countries in the area, the Australian Government does not wish to suggest a precise figure at this stage but hopes this question will be the subject of discussion at the Sydney

meeting. Clearly it can only be a limited figure designed to provide first bid of utmost importance to the recipient Governments.

7. The Australian Government is anxious to avoid the creation of unnecessary machinery. But it is our judgment that establishment of limited machinery additional to the normal channels of Commonwealth consultation would be a necessary adjunct to the practical aid program envisaged in order to provide the basis from which to work to a wider system of cooperation with other Governments which might later be brought to join as contributors. Moreover, the Commonwealth Secretariat working with potential recipients on behalf of the Commonwealth Governments collectively could more effectively negotiate coordinated arrangements for assistance by individual Commonwealth contributors, taking account of all other current sources of aid.

8. It would be appropriate and desirable for the fund to include any existing bilateral arrangements under which technical or other aid is afforded by individual Commonwealth countries to other countries in the area. Provision should be made within the machinery to maintain whatever degree of individual control over such existing arrangements as might appear to be appropriate to the countries involved. The figures tentatively suggested in paragraph 3 above are of course intended to provide for a net addition to such arrangements.

9. The technical staff of the proposed Council would provide one of the essential requirements for organizing the presentation of a practical and coordinated longer term plan of development of the area. Its relationship with ECAFE in this respect would require careful consideration.

10. The Australian delegation will be glad to offer the Sydney meeting an elaboration of the proposal outlined in this telegram.

661. DEA/11038-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Australie

Secretary of State for External Affairs
to High Commissioner in Australia

TELEGRAM 67 Ottawa, May 8, 1950

SECRET. IMPORTANT.

I have received a telegram from the Minister for External Affairs of Australia (No. 12 of May 3) in which he sets out a number of proposals on which he hopes that the Consultative Committee meeting in Sydney will reach agreement. Please convey to him immediately the text of the following reply. Please convey it also to our delegation, flying to Sydney, who already possess the incoming message mentioned above. Text begins:

1. The proposals put forward in your telegram No. 12 of May 3 for adoption at the forthcoming meeting of the Commonwealth Consultative Committee have been considered here. We welcome the opportunity you have given us to consider your

views in advance of the conference itself, particularly because our thinking has followed a rather different line.

2. We fully agree with you on the desirability of the Commonwealth Governments, individually and collectively, taking initiative in exploring ways to promote the development of the under-developed countries of South and South-East Asia. It was in this spirit that the Canadian Government approved the recommendations of the Colombo Conference.

3. Those recommendations, however, recognize that other countries outside the Commonwealth should be brought into whatever plans are to be laid for the future and we had hoped that consideration of this matter would be given a very high priority on the agenda at Sydney. This point was also in our minds when we sent you our telegram No. 2 of May 3† suggesting that the question of financial assistance (presumably to be discussed under Item 3 of your draft agenda) should be placed at the end of the agenda.

4. While the Canadian Government agrees on the desirability of Commonwealth initiative we would not agree, at any rate at this stage, that this implies the desirability of a special Commonwealth fund, or of special Commonwealth machinery. We have in mind both the role to be played by existing United Nations machinery and also the need for collaboration with non-Commonwealth countries; we believe that the consideration of purely Commonwealth machinery and purely Commonwealth finance would be premature until the fullest examination had been given to these matters, and it will clearly be impossible to explore them fully at the Sydney meeting because of the limited representation and the short period available. We have regarded the Sydney meeting as an essential step, but only as a first step.

5. A continuing working party composed of representatives of countries in South-East Asia and of countries directly interested in South-East Asia might be a useful means of bringing into focus and perspective the economic problems and possibilities of that area. Development plans should be appraised from a more objective point of view than each country may be able to adopt by itself. The approach in such a group should, of course, be as broad as possible, and not confined merely to statistical appraisals of balances of payments. The members of such a group should, I assume, be drawn in part from outside the Commonwealth.

6. At several points the text of your telegram seems to suggest that the meeting in Sydney will reach "agreements". According to our understanding this is a "consultative" committee and the only type of agreements that members of the Committee could reach would be agreements to refer certain recommendations back to their Governments for approval. This is clearly envisaged in Section B(vi) of the Terms of Reference of the Committee as approved in Colombo.

7. You will appreciate that these points, like your own suggestions, are put forward in advance of the Conference in the hope that they will help to make the Conference itself more productive. I would like to add a word of personal good wishes for its success. Text Ends. Telegram Ends.

662. DEA/11038-40

Le haut-commissaire en Australie
au secrétaire d'État aux Affaires extérieures

High Commissioner in Australia
to Secretary of State for External Affairs

TELEGRAM 67 Canberra, May 10, 1950

SECRET. IMMEDIATE

Reference your telegram No. 67 of May 8th, Consultative Committee.
Following for Pearson from Spender, Begins: Thank you for your observations on proposals we put forward in respect to Consultative Committee. The reason why we put them forward in advance was to avoid the kind of difference in thinking which has been revealed by our proposals and your reply.

In point of fact careful examination of our proposals and your comments demonstrates that our objectives are the same and that our different viewpoint is in respect of means of achieving these objectives.

Your first concern, as indicated in paragraph 3 of your message, is that early consideration be given to the way in which other countries outside the Commonwealth might be brought into whatever plans are laid for the future. This is uppermost in our mind and, in fact, it is for this reason that we have put forward our proposals involving a special Commonwealth fund and special Commonwealth machinery. We are led to believe that participation by other Governments, and, in particular, the United States of America, cannot be counted on unless there is an effective organization and agreement to pursue immediate objectives. If this initiative is taken by countries of this area, then there is fair prospect of active United States participation. If, on the other hand, nothing is done except to explore the position and the problems and the possibilities of the area prior to an approach to other Governments, we are led to believe that approach will not be successful.

With regard to the role to be played by existing United Nations machinery referred to in your paragraph 4, we are again in complete agreement and the chart we have now drawn up provides for the greatest possible use of all United Nations agencies in the area and smallest practicable Commonwealth organization, which we envisage would cease to function as such at an early date when participation by other countries was achieved.

It is for these reasons that we do not approach the Conference in the way suggested in your paragraph 5, that is, that some continual working party might be set up with a view to exploring the possibilities of the area. On the contrary, we regard it as imperative that there should be agreement reached at the Sydney Conference, or, if not actually at it, almost immediately after the delegates return.

You will see, therefore, that our approach is based on the assumption that only by the Commonwealth taking the initiative in positive and practicable way, thereby showing its determination to tackle pressing problems of this area, will the interest of and cooperation with other Governments be achieved. There is a second reason

why we believe that our approach is the one which must be adopted at the Sydney Conference. The Ceylon recommendation arose out of an examination of current political situation in South East Asia and emphasis there was upon immediate action to meet a situation which day by day was becoming more serious for democratic countries. In our view, and press of United States, the United Kingdom, as well as our own, demonstrates this, public opinion expects results from Conference and not merely a promise further to examine the problem. Unless there can be some practical results along the lines we suggest, we would consider the Conference a failure in context of situation in which it was convened and might be forced to admit as much.

This approach to the problem in our area is "Atlantic Pact" of Asia. Clearly it is not possible to imitate Atlantic Pact in circumstances so different but this is a first step in tackling the problem, and we hope you will approach it with the same sense of urgency as you approached the Atlantic Pact.

We will be communicating with your representative here within the next day or so our proposals in greater detail and you will see emphasis which we have placed upon cooperation of non-Commonwealth countries and with existing United Nations machinery. We earnestly hope you will be able to examine these proposals when they are received with a view to enabling your delegation to join us in demonstrating that Commonwealth countries mean business in relation to pressing problems of this area. Ends.

2. It has been indicated that Mr. Spender may follow up this message with a telephone call to Mr. Pearson on May 11th or May 12th. Message ends.

663. DEA/11038-40

Le haut-commissaire en Australie
au secrétaire d'État aux Affaires extérieures

High Commissioner in Australia
to Secretary of State for External Affairs

TELEGRAM 71 Canberra, May 11, 1950

SECRET

Following from Canadian Delegation to meeting of Commonwealth Consultative Committee for South and South East Asia, Begins: The first two meetings of officials were held today and on the whole proved less acrimonious than we had feared. The argument was conducted chiefly between Australian and United Kingdom representatives who as you will realize were urging quite dissimilar approaches to problem of economic development in the area, but who were both obviously disposed to avoid anything like an open breach.

2. After brief discussion of administrative details and procedural questions it was suggested by Dr. [John Wear] Burton, Australian Secretary for External Affairs, who was in the Chair, that the best method for officials to prepare way for Ministerial Meeting would be for them to deliver a succession of informal statements on

what they believed view of their Governments to be on proper objectives for present conference in Sydney. Such comment would obviously include an expression of opinion on merits of proposals which were made in advance of Conference by Australian and United Kingdom Governments. This suggestion was accepted and led to what was described by Chairman as a "second reading" debate on proposed agenda for Commonwealth Consultative Committee.

3. The Australian case in support of a Commonwealth fund for economic development in South and South East Asia and a Commonwealth Council to administer it was developed by Tange[9] who succeeded Burton in the Chair. His exposition showed that, at least on the surface, the Australians had not been budged from their position by the receipt of your message of May 8th. Tange declared categorically that in the view of the Australian Government it would be necessary to consider the Conference a failure if it did no more than set on foot action to produce a programme for economic development in the area. In view of urgency of political situation and also of expectations which had been roused in public mind, it was essential that agreement should be reached at Sydney on at least some concrete measure of assistance to be begun at once.

4. It is perhaps not necessary, however, to take this obduracy quite at its face value. Mr. Mayhew had an interview with Mr. Spender this afternoon and received impression that he had been considerably shaken by your message and was not prepared to push his proposal for a Commonwealth fund and a Commonwealth Council to the uttermost. It may be assumed that he will be even less likely to be thoroughly intransigent after he has been informed of attitudes expressed at meeting this afternoon. All under-developed countries represented at meeting, i.e., India, Pakistan and Ceylon declared that they found Australian proposal attractive. On the other hand, the New Zealand representative made it clear that his Government was not convinced that there should be a Commonwealth fund or that formal machinery was necessary. He was followed by "Otto" Clarke for United Kingdom who in a very vigorous and effective statement campaigned for approach which is outlined in memorandum† left with you by Clutterbuck on 28th April. The United Kingdom's experience in extending piecemeal assistance to countries in South and South East Asia had convinced them, he explained, of necessity of a large scale and imaginative approach to the problem of economic assistance to that area. Such an approach could be successful only with the help of the United States. The central problem was to produce by this autumn a well articulated plan for economic development which might have a chance of commending itself to the United States administration when consideration was being given early next year to alternative method of bridging the dollar gap as Marshall Aid came to an end. There was no necessity to set up new machinery to administer such stop gap aid as might still be necessary in the area or even to assist in drawing up the long term programme.

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[9] Arthur H. Tange, conseiller auprès de la direction des Nations Unies du ministère des Affaires extérieures de l'Australie; membre de la délégation de l'Australie à la Conférence du Comité consultatif du Commonwealth à Sydney.
Arthur H. Tange, Counsellor, United Nations Division of Department of External Affairs, Australia; Member, Delegation of Australia to Conference of Commonwealth Consultative Committee, Sydney.

5. In the discussion which followed it appeared that the Indians and other possible beneficiaries of Australians' institutional bounty would probably be willing to rally behind the United Kingdom's proposal if they could be convinced that it held out greater promise of enlisting substantial United States aid. Clarke made considerable progress in convincing them that this would in fact be the case, and at close of the meeting the Australian band wagon seemed considerably less crowded than it had been earlier in the afternoon.

6. At such an early stage in the Conference it is risky to hazard a prediction of what the outcome will likely be. The Australian telegram of 3rd May, however, was so disturbing that you might welcome our first thoughts on what may emerge from Conference even if they are falsified in the event. It now seems likely that when dust has cleared away the Australians will not insist on agreed decisions to be taken by Consultative Committee but will reluctantly accept a series of recommendations to Governments. These recommendations will probably include almost the whole of the United Kingdom's suggestion for a concerted programme of economic development in the area to be prepared by September or October. The proposal for a Commonwealth fund and Commonwealth Council will in all probability be greatly watered down. All that will be left of short term measures proposed by Australian Government may be a recommendation for some immediate technical assistance to be afforded by Commonwealth countries in addition to that provided through United Nations. If, in fact, that is the outcome of Conference, we assume you would not be too perturbed.

7. Pleading that our interests in South and South East Asia were not so great as those of other participating Governments, we succeeded in deferring our general statement until tomorrow morning. It will be, of course, within the four corners of our original instructions as supplemented by your message to Mr. Spender of May 8th.

8. Immediately after arriving in Sydney, LePan had a private talk with "Otto" Clarke, in which he explained some of the difficulties of Canada's participation in the work of the Committee and canvassed possibility of so modifying Australian proposals that they might prove generally acceptable without in the process causing a rupture with the Australians. What Clarke had to say in private and what he confirmed in his public statement today was reassuring. He has always been noted for his frankness, however, and you should know at once that he admitted that the time table which United Kingdom delegation were recommending might present Canadian Government with a difficult dilemma. It was the hope of the United Kingdom delegation that the Commonwealth Governments, including Canada, would be willing to decide what financial contributions they might be able to make toward economic development in areas as soon as concerted programme had been drawn up this fall. This decision would, therefore, according to United Kingdom's projected time table, be prior to formal presentation of programme to United States administration and to a formal request for United States financial assistance.

664. DEA/11038-40

Le haut-commissaire en Australie
au secrétaire d'État aux Affaires extérieures

High Commissioner in Australia
to Secretary of State for External Affairs

TELEGRAM 73 Canberra, May 14, 1950

SECRET

Following from the Canadian Delegation to meeting of Commonwealth Consultative Committee on South and Southeast Asia, Begins: The preliminary meetings of officials have now concluded. As result, in large measure of Canadian efforts, the draft agenda which was circulated by the Australian Government before the Conference has been scrapped and replaced by the following simplified list of items:

(a) Election of Chairman and opening address;

(b) General statements by delegations on the attitudes of their respective Governments to Colombo recommendations as a whole;

(c) Technical assistance;

(d) Planning the development for South and Southeast Asia;

(e) Priority economic requirements of the countries in area;

(f) Future activities of the Committee.

2. This arrangement of topics is derived from the division of labour followed by three Working Parties of officials which have met during the past four days. The first Working Party under the Chairmanship of "Otto" Clarke prepared in short order report recommending main outline of procedure suggested in United Kingdom memorandum for drawing up a programme for economic development. The second Working Party, with a New Zealander in the Chair, had more difficulty in wrestling with complexities of technical assistance, but nevertheless accomplished useful work. The toughest battle of all was fought out inconclusively in Third Working Party, which had been established to consider the suggestions in paragraph 3 of Australian memorandum for emergency relief and credit arrangements.

3. We have learned informally what the Australians have in mind under latter head is a Commonwealth loan to Indonesia. The Australians feel Indonesia is the only country in the area which requires an immediate credit since India, Pakistan and Ceylon have large sterling balances, since Thailand is well supplied with both dollars and sterling and since Burma has already received a Commonwealth loan. Spender has told United Kingdom delegation if Commonwealth countries are unwilling to join Australia in extending a loan to Indonesia, Australia will act alone. His eagerness, however, to induce Commonwealth countries to act collectively is probably based on an awareness that it would be easier in this way to secure public approval in Australia for financial assistance to Indonesia.

4. The support for Australian proposals for a Commonwealth fund and a Commonwealth Council has weakened perceptibly during meeting of officials, even

among under-developed countries. For the time being, Pakistan is now only reliable Australian satellite. Both India and Ceylon are increasingly wary of becoming identified with Australian position. Although they are both naturally willing to accept any aid which might come to them immediately and without strings, they clearly distrust attempts which are being made by Australia to assert its leadership among Commonwealth countries in the area. This distrust has been increased by rough and even brutal tactics which Spender has been pursuing. It sometimes seems as though spirit of Dr. Evatt had passed by transmigration to his successor.

5. In the case of India, there would appear to be two additional reasons to explain their caution in accepting Australian proposals. They are obviously genuinely impressed by the argument which has been urged by the United Kingdom that a plan for economic development, drawn up on as sound basis as urgency of situation and short time available will permit, would be more likely to enlist United States assistance than any other action which Sydney Conference could take. In addition, they seem to be holding in reserve intention to approach the United States directly at a later stage for substantial financial aid. Although participation in coordinated programme for economic development in South and Southeast Asia might, up to a point, strengthen their hand in such a bilateral approach they do not want to become too bound and fettered by Commonwealth machinery.

6. The majority of the countries represented here are generally favourable to United Kingdom proposals and view Australian recommendations with considerable scepticism. Two misgivings, however, disturb any temptation which this majority might have to complacency. Spender has been busily engaged in nailing his colours to the mast with breathtaking recklessness and in whipping on his officials to last-ditch stand so that if an ugly split in the Conference is to be avoided it may be necessary at some point to devise a face saving compromise. The other misgiving, which is being tirelessly insinuated by the Australians, is that some more immediate action may be necessary in order to attract United States aid than is foreshadowed in United Kingdom's proposals. Lord MacDonald,[10] leader of United Kingdom Delegation, has told us that this latter misgiving is even entertained to some extent by Malcolm MacDonald.

7. At present, however, there does not seem to be any danger that instructions to United Kingdom delegation, which are set up in adamantine terms against any immediate additional financial commitment will be altered. This would be possibility only if discomfiture, in which Australian delegation have been placed by their own rashness and ineptitude, should become so sharp as to threaten good relations within the Commonwealth. Already tempers are badly frayed and situation may become worse. This problem of Commonwealth relations will be dealt with in a separate and later message. Ends.

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[10] MacDonald of Gwaenysgor, ministre des Postes, chef de la délégation du Royaume-Uni à la Conférence du Comité consultatif du Commonwealth à Sydney.
MacDonald of Gwaenysgor, Postmaster General; Head, Delegation of United Kingdom to Conference of Commonwealth Consultative Committee, Sydney.

665. DEA/11038-40

Le haut-commissaire en Australie
au secrétaire d'État aux Affaires extérieures

High Commissioner in Australia
to Secretary of State for External Affairs

TELEGRAM 77 Canberra, May 16, 1950

SECRET. IMMEDIATE.

Following from Canadian Delegation to meeting of Commonwealth Consultative Committee on South and South-East Asia, Begins: No. 5. Something very close to a crisis in Commonwealth relations within the Conference has been precipitated by tactics which Spender has been pursuing.

2. The first rumblings of discord were created by Australian circular telegram of May 3rd which apparently offended susceptibilities in more capitals than Ottawa. Ill-will was then increased by sharp controversy which broke out over opening public meeting. As soon as the delegation arrived, Spender made it clear that he was very anxious to begin the Conference with a session open to the press. Many delegates were reluctant to agree to this proposal but we all finally gave our consent as a result of a clear understanding that Spender's statement would be submitted to us for our comments in advance and would contain nothing controversial. When it was circulated to us, however, day before Conference opened it proved to contain almost all points which had been made in Australian memorandum. I was so concerned that Spender might persist in opening the Conference in this way (in which case it would have been necessary for me to outline divergent Canadian view) that I felt compelled to send him at once a fairly stiff letter† listing passages to which I had objections and asking for their deletion. The delegates of the United Kingdom, India and Ceylon also protested vigorously. As a result of these separate initiatives Spender was persuaded at the last moment to make very extensive revisions.

3. When meeting of Ministers opened yesterday morning there was already very considerable irritation between delegations. This was whipped into a crescendo by statement which Spender delivered as soon as the Conference had gone into secret session. In the course of very intemperate series of remarks he attacked the United Kingdom for failure to honour commitments it had entered into at Colombo; abused officials for attempting to usurp functions of Ministers; and threatened unless the Conference accepted Australian proposal for stop-gap aid to go before the House of Representatives in Canberra and explain what he considered to be the reason for the failure of the Conference. Today a campaign has been unleashed in the press here, obviously inspired by Australian authorities, charging that go-slow tactics of the United Kingdom and other delegations were already imperilling success of the Conference.

4. Spender's rodomontade at this first private session was met by an admirable display of passive resistance. The Ceylonese delegate (whose position remains

somewhat equivocal) delivered very lucid and even tempered exposition of problems which Ceylon is facing in its plans for economic development. Doidge, of New Zealand, said quite flatly his Government could not find funds which would be required by Australian proposals. Lord MacDonald for the United Kingdom without referring in any way to Spender's tirade, developed case for United Kingdom suggestion. I made clear Canadian Government could not be expected to take any decision until it had before it a much more complete set of facts. Finally, Mudaliar[11] of India virtually gave *coup de grace* to Australian proposal by insisting plans for economic developments must be soundly based and must proceed step by step. Spender is clearly attempting to isolate the United Kingdom in the belief that the present Government in Whitehall, dependent as it is on a very slender majority, would be particularly vulnerable to charges put about in the press that its obstinacy was leading to disruption of a Commonwealth Conference. One of the few reasonable remarks in Spender's statement was that he realized Canada's ability to extend assistance to countries of South and South East Asia was sharply limited by its commitments in North Atlantic area. LePan has discussed with Malcolm MacDonald possibility that United Kingdom Cabinet might feel obliged to give way before this attack. MacDonald feels its effect, if anything, will be to stiffen attitude of his Government.

5. At the moment the lines are holding firm with Australia and Pakistan on the one side and all other countries, with possible exception of Ceylon, on the other. It is difficult to see how Australia will be able to hold out against mounting opposition to its proposals, particularly from Asian countries. But it is equally difficult to see how Spender can retreat from extreme position he has taken up. Ends.

666. DEA/11038-40

La délégation du Royaume-Uni au Comité consultatif du Commonwealth au haut-commissaire du Royaume-Uni

Delegation of United Kingdom to Commonwealth Consultative Committee to High Commissioner of United Kingdom

TELEGRAM UNNUMBERED [Sydney], May 18, 1950

SECRET. EMERGENCY.

Please pass following to External Ottawa.
Following from the Canadian Delegation to the meeting of Commonwealth Consultative Committee on South and South East Asia. No. 6. Begins: The abscess of ill feeling in the Conference was broken this morning by the introduction of a new Australian proposal replacing that circulated to participating Commonwealth Governments on 3rd May.

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[11] Sir Arcot Ramaswami Mudaliar, Dewan of Mysor; chef de la délégation de l'Inde à la Conférence du Comité consultatif du Commonwealth à Sydney.
Sir Arcot Ramaswami Mudaliar, Dewan of Mysore; Head, Delegation of India to Commonwealth Consultative Committee, Sydney.

2. In the new proposal the Australian Government drops its suggestions for immediate provision of emergency relief supplies to countries in the area and also for emergency credit arrangements. The idea of a Commonwealth fund is sharply modified and the name is dropped. All that is left of the original Australian proposals is a scheme for financing technical assistance over and above that to be provided through the United Nations expanded programme.

3. Under this new scheme a recommendation would be made to participating governments that they should undertake to provide their share of the financing necessary in order to extend over a three year period an additional amount of technical assistance up to a maximum of £8,000,000 sterling as and when the Consultative Committee or some subordinate body to be established approves specific requests. It was suggested by Australian Government that the percentages for each participating country might be determined at the present Conference. Spender said that Australia would be prepared to assume responsibility for about 35% of total and suggested that United Kingdom should assume an equal responsibility.

4. Mudaliar of India welcoming the new Australian proposals introduced two significant changes

(a) He recommended that contributions should be expressed in terms of amounts and not of percentages

(b) He thought that the arrangements for technical assistance which would be negotiated within the ambit of this scheme should be on a bilateral basis.

No objection was raised to these alternatives and they will probably be accepted.

5. I reserved our position but said that I would communicate with Canadian Government at once. All the other delegates indicated that they would recommend that their governments should contribute to the scheme. Mudaliar announced that he would recommend that India contribute up to a maximum of £750,000 over the three year period. Jayawardene of Ceylon said that he would recommend that Ceylon make a contribution. We have learned informally that Doidge of New Zealand suggested to his government a contribution of approximately 10% of the total.

6. It will be seen that the maximum annual amount over the three year period which might be expected from Canada would be some 10% of total or perhaps dollars 830,000 Canadian. In my view an annual contribution of $500,000 might be reasonable.

7. A number of delegates including Lord MacDonald stressed that whatever resolution is passed by the Conference on this subject must be put in the form of a recommendation to Governments. There are therefore four possible courses which are open to me

(a) To announce that I will recommend to Canadian Government that it make a contribution possible even mentioning a particular sum.

(b) To allow the Conference to make a recommendation on this subject without placing a Canadian reservation on the record.

(c) To reserve our position.

(d) To announce that Canada cannot contribute.

8. I should very much like to receive instructions as to which of these courses I should follow at earliest possible moment. I do not feel in a position to advise as to which of these alternatives should be chosen but I hope you will not feel it necessary to instruct me to take the last of the possible courses which I have listed. Your instructions must be in my hands by 10 o'clock on Friday morning at the latest since it is intended to hold the last closed session of the Conference that morning. I would suggest that you might consider sending me a brief message by way of Earnscliffe and United Kingdom Delegation here since that appears to be only method of rapid communication. Ends.

667. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], May 18, 1950

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COMMONWEALTH CONSULTATIVE COMMITTEE ON SOUTH AND SOUTHEAST ASIA

19. *The Minister of National Defence as Acting Secretary of State for External Affairs*, referring to discussion at the meeting of May 2nd, 1950 reported that the Canadian delegation in Sydney had requested instructions in connection with proposals put forward by the Australian delegation. These proposals involved establishment of a fund of £8 million to be contributed to by the Commonwealth countries and to be used to provide technical assistance to Commonwealth and non-Commonwealth countries in South and Southeast Asia. It was proposed that this should be over and above whatever amounts the Commonwealth countries might contribute to technical assistance through the United Nations. The proposed contributions by other countries left a residue of £850,000. If Canada were to contribute this amount to complete the programme it would amount to about $2.5 million over a period of three years.

20. *Mr. Claxton* said that a specific commitment would appear to be unwise at present. No serious attempt seemed to have been made to assess needs or to ascertain what assistance might be forthcoming from other sources, including the U.N. In addition, a number of points relating to the programme, including the position of the United Kingdom, were not yet clear.

It was expected that when the Secretary of State for External Affairs returned from London, proposals for a contribution to technical assistance through U.N. would be placed before Cabinet. It would be desirable to have the Commonwealth proposals considered at the same time.

21. *The Minister of Finance* suggested that we should not give any firm commitment until there was a clear indication how the programme would fit in with the U.N. scheme, to what specific purposes the money was going to be devoted and what organization would decide on expenditures.

22. *The Cabinet*, after further discussion, agreed that the delegation to the Commonwealth Consultative Committee on South and Southeast Asia be instructed that:

(a) if the U.K. delegation qualified its willingness to contribute to a Commonwealth fund for technical assistance to Commonwealth and non-Commonwealth countries in South and Southeast Asia, or declined to contribute at all at this time, our delegate should do the same;

(b) if the U.K. delegation was prepared to recommend a contribution by their Government, our delegation should state that they would recommend a contribution by the Canadian Government, without referring to any specific sum or percentage; and,

(c) it be made clear that before considering any contribution the Government would wish to have information concerning the way the programme would fit in with U.N. technical assistance, the specific purposes to which the money would be devoted and how decision was to be taken as to expenditures from the fund.

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668. DEA/11038-40

Le haut-commissaire en Australie
au secrétaire d'État aux Affaires extérieures

High Commissioner in Australia
to Secretary of State for External Affairs

TELEGRAM 79 Canberra, May 20, 1950

SECRET

Following from the Canadian delegation to the Commonwealth Consultative Committee on Economic Aid to South and South East Asia, Begins: No. 8. Conference concluded a few minutes after midnight last night, but not before we had had another sharp brush with the Australians. I reported in my telegram No. 6 that on Wednesday, finding himself faced by very substantial opposition, Spender gave way and dropped the Australian proposals concerning relief supplies and stop-gap credit arrangements. Late that same evening he circulated to the delegation a new memorandum in which a brazen attempt was made to reinstate proposal for emergency credits. This volte-face provoked very angry reaction, not only because it had been everywhere understood from what Spender had said that he was dropping his proposal in this field, but also because this had been made quite explicit in new memorandum which he had circulated Wednesday morning on technical assistance.

2. One paragraph of that memorandum reads as follows: "Our original proposal was that there should be established now a separate fund administered by a Commonwealth Secretariat and Council to provide technical assistance, relief and short term credit. I am prepared to modify that proposal to provide that Commonwealth countries should, at this stage, do no more than undertake to meet requirements for

technical assistance as and when need has been adequately demonstrated to Consultative Committee or a Council established for the purpose".

3. Indignation simmered during Thursday. Late that evening Lord MacDonald bearded Spender privately and pressed United Kingdom's objection to new memorandum on emergency credits arrangements. However, since ministerial meeting had been suspended on Thursday in order to give officials a chance to make progress in draft report, the issue did not come out into the open until plenary meeting on Friday morning. Spender then introduced still another paper on emergency credit arrangement which had been drafted to take account of what Lord MacDonald had said. This revision was less objectionable to us than previous paper but it might still have been considered to imply Canadian Government was under some obligation, however slight, to extend emergency credit to countries of South and South East Asia. In any case, it was impossible to consider new memorandum with care it demanded since Spender was simultaneously pressing that Conference should conclude that night. He had also made our position more difficult by producing, without notice, a suggested passage for inclusion in report on the subject of emergency relief supplies.

4. After hurried consultation with members of delegation, I decided that this was an occasion for firmness. Without awaiting expression of views of other delegates I said I would find it very difficult even to consider these two new Australian papers. I had already communicated with my colleagues on basis of modified Australian proposal for technical assistance. It would be highly embarrassing if that basis were to be altered at eleventh hour. I also referred specifically to passage which I have quoted in paragraph 2 above. If it were desired to conclude the Conference according to schedule, the only proper course, in my view, would be defer consideration of these two subjects until the next meeting of the Consultative Committee in September.

5. This stand was supported by Doidge of New Zealand and Ahmed Khan of Pakistan.[12] I was somewhat disappointed Lord MacDonald did not oppose outright reintroduction of Australian proposals which had been dropped two days earlier. He may have felt, however, he had done his fair share in private talks he had had with Spender the previous evening.

6. Having been forced to recognize quite a few of us were not prepared to go awaltzing with Matilda, Spender again gave way and agreed that if a reference were made both to emergency relief supplies and to stop-gap credits in the report these two subjects might be deferred until next meeting of the Committee. So the matter was left. Although the Australian attempt to reintroduce their proposal was decisively and satisfactorily defeated, I have thought it necessary to outline sequence of events in some detail in view of reports which have appeared in Sydney papers this morning and which may be repeated in Canadian press to the effect that the conference had considered favourably Australian scheme to provide stop-

[12] Chandri Nazir Ahmed Khan, ministre de l'Industrie du Pakistan.
Chandri Nazir Ahmed Khan, Minister of Industries, Pakistan.

gap credits estimated at possibly 15 million pounds sterling over the next eighteen months. There is no, repeat no, foundation whatsoever for these stories.

7. We believe report of Conference, although of course it does not coincide exactly at every point with our own views, does not contain anything which might prove embarrassing to the Canadian Government. We also believe it represents a genuine if limited step towards promoting economic development of South and South East Asia.

8. At an early point in the Conference, Mudaliar referred to fermenting of new wine in Asia and to problem which it created. As you will have inferred from these telegrams, however, our chief problem arose rather from fermenting of new wine in the Australian Cabinet.

9. My immediately following telegram deals with your message of May 18th† on technical assistance. Ends.

669. DEA/11038-40

Le haut-commissaire en Australie
au secrétaire d'État aux Affaires extérieures

High Commissioner in Australia
to Secretary of State for External Affairs

TELEGRAM 80 Canberra, May 20, 1950

SECRET

Following from the Canadian delegation to the Commonwealth Consultative Committee on Economic Aid to South and South East Asia, Begins: No. 9. I am much obliged to you for the speed with which you returned an answer to my telegram No. 6 on technical assistance. Because of final turbulence in the Conference, which is described in my immediately preceding telegram, it was not necessary to say anything further about the Canadian position on technical assistance until late in the evening. The receipt of your message,† however, early in the morning made my task considerably easier during the somewhat confusing events of the day.

2. Lord MacDonald had stated on Wednesday that he would recommend to the United Kingdom Government that they should make a contribution to the new Commonwealth scheme of technical assistance to South and South East Asia. On Thursday he received authorization from Whitehall to announce that the United Kingdom would contribute 35 percent. Accordingly, he made an announcement to this effect late yesterday evening after the draft report had been approved. I then said I had been in communication with my colleagues on this subject and that, as a result, I was now in a position to state that I would recommend to the Canadian Government that they should contribute to the technical assistance scheme.

3. In view of the fact that my brief statement had to be made in the dying moments of the Conference, I did not think it appropriate to mention the three topics on which further information would be required in Ottawa before a decision could be taken as to the size and form of a possible Canadian contribution. In any

case it would have been unnecessary to raise the question of who should make the final decision about expenditures. In paragraph four of my telegram No. 6 I reported that I thought the Conference would agree that arrangements for technical assistance to be negotiated within the ambit of the scheme should be on a bilateral basis. In the event this point was settled in one of the recommendations approved by the Conference. It reads as follows: "Assistance provided under the Commonwealth scheme will be arranged on a bilateral basis by agreement between applicant countries and contributing countries in respect of each application for assistance and terms and conditions upon which such assistance shall be afforded will in every case be solely a matter for Governments concerned".

4. The delegation is going to Canberra tomorrow and a full set of documents† of the Conference will be despatched to you from there by air bag on Thursday, May 25th. They will be accompanied by a despatch† drawing your attention to those documents which deal with technical assistance. If possible, some comments on them will also be included. Ends.

670. PCO

Extrait du procès-verbal de la réunion du Comité interministériel sur la politique du commerce extérieur

Extract from Minutes of Meeting of Interdepartmental Committee on External Trade Policy

SECRET [Ottawa], June 12, 1950

Present

Mr. N.A. Robertson, Secretary to the Cabinet (Chairman),
Mr. A.D.P. Heeney, Under-Secretary of State for External Affairs,
Mr. J.G. Taggart, Deputy Minister of Agriculture,
Mr. M.W. Mackenzie, Deputy Minister of Trade and Commerce,
Mr. J.E. Coyne, Deputy Governor of the Bank of Canada,
Mr. David Sim, Deputy Minister of National Revenue.
Mr. R.G. Robertson, Privy Council Office (Secretary).

Also Present

Mr. J.J. Deutsch, Department of Finance,
Mr. N. Perry, Department of Finance,
Mr. A.F.W. Plumptre, Department of External Affairs,
Mr. D.V. LePan, Department of External Affairs,
Mr. C.M. Isbister, Department of Trade and Commerce,
Mr. T.N. Beaupré, Department of Trade and Commerce.

. . .

II. COMMONWEALTH CONSULTATIVE COMMITTEE ON SOUTH AND SOUTH EAST ASIA; REPORT; INVITATION TO ASIAN COUNTRIES.

6. *Mr. LePan* said that Canada had participated in the Sydney Conference primarily for two reasons: because of our interest in the possibility of communist domination of the area and because the initiative taken in the Colombo resolution held forth some promise of bringing about a fresh injection of U.S. dollars into world trade. As the Conference developed, the tactics of the Australian government pro-

duced an atmosphere in which a reasoned consideration of the economic issues became extremely difficult. Certain parts of the Australian proposals were rejected or reduced and at the end there remained two principal recommendations: one for a programme for economic development (really based on a proposal by the United Kingdom) and one concerning a scheme for technical assistance. The circumstances of the Conference and its brevity had made full consideration impossible but, on the whole, the results were not unsatisfactory.

The plan for economic development involved the submission to governments in the area, which were participating or which decided to be associated, of questionnaires to be completed setting forth a programme of economic development for each country and indicating the extent to which the programme could be met by the countries themselves and the extent to which external assistance would be required. The programmes would be considered at a meeting to be held in London in the autumn and thereafter it would be for each Commonwealth country to determine to what extent it could contribute to their accomplishment. Once the overall plan had been consolidated, it would probably be communicated to the United States and it was contemplated that individual Commonwealth countries making a contribution might approach the United States to see whether any further assistance could be provided from there.

The plan for technical assistance called for a total contribution of £8 million over a period of three years. It was to be supplemental to the United Nations technical assistance programme. The figure of £8 million had been suggested by the Australian government and it was rather hard to know how it had been arrived at. The Australian and U.K. governments had each agreed to underwrite 35 per cent, New Zealand was contributing 10 per cent and India a fixed amount that came to approximately 11 per cent. No specific commitment had been made with regard to a Canadian contribution. As to the operation of the plan, there was no thought that funds would be placed at the disposal of a central bureau. The intention rather was that the individual countries would undertake to provide assistance services up to the maximum of the amount they had underwritten.

7. *Mr. Deutsch* said that a question for consideration was whether, in this matter, the Canadian position was not more nearly similar to that of the United States than of the other Commonwealth countries. In so far as the economic development programmes involved dollar aid our situation was analogous to that of the United States. A further question arose as to whether Canada, as an active partner in the origins of the programme, would be expected to do proportionately more in the contribution of dollar assistance than the United States. If so, it might be questioned how realistic such a possibility was in relation to our fiscal and budgetary position.

8. *The Under-Secretary of State for External Affairs* said that the government was not committed to any specific action with regard to whatever programmes might emerge from the proposed London meeting in the autumn. We were, however, committed to participate in the general work of the Consultative Committee and it seemed clear that Canada should be associated with the invitation which the Government of Australia proposed to send to non-Commonwealth governments in South and South East Asia. So far as the technical assistance programme was con-

cerned, a recommendation would be placed before the Cabinet to have an annual contribution of $500,000 authorized for each of the three years of operation. The method of providing technical assistance within this limit would be for subsequent determination.

9. *The Committee*, after considerable discussion:

(a) noted the report concerning the Sydney Conference and plans relating to the economic development programmes and scheme for technical assistance; and

(b) agreed that Canada be associated with the invitation to be extended by the Australian government to the governments of non-Commonwealth countries in South and South East Asia to participate in the programmes agreed on at the Sydney Conference.

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671. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], June 12, 1950

Present

The Prime Minister (Mr. St-Laurent), in the Chair,
The Minister of Trade and Commerce (Mr. Howe),
The Minister of Agriculture (Mr. Gardiner),
The Honourable J.A. MacKinnon,
The Minister of Labour (Mr. Mitchell),
The Minister of Public Works (Mr. Fournier),
The Minister of Transport (Mr. Chevrier),
The Minister of Finance (Mr. Abbott),
The Leader of the Government in the Senate (Senator Robertson),
The Minister of Veterans Affairs (Mr. Gregg),
The Minister of Fisheries (Mr. Mayhew),
The Secretary of State for External Affairs (Mr. Pearson),
The Minister of Justice (Mr. Garson),
The Secretary of State (Mr. Bradley),
The Postmaster General (Mr. Rinfret),
The Minister of Citizenship and Immigration (Mr. Harris).

The Secretary to the Cabinet (Mr. Robertson),
Mr. R.G. Robertson, Privy Council Office.

. . .

COMMONWEALTH CONSULTATIVE COMMITTEE ON SOUTH AND SOUTH-EAST ASIA; TECHNICAL ASSISTANCE PROGRAMME; CANADIAN CONTRIBUTION

11. *The Secretary of State for External Affairs* reported that, at the Sydney Conference in May, the Commonwealth Consultative Committee had agreed to recommend to their respective governments that a Commonwealth technical assistance scheme be organized to provide aid to meet the urgent needs of the countries of South and South-east Asia. It was recommended that assistance be provided up to a maximum value of £8 million sterling over a period of three years commencing

July 1st, 1950. Of this fund, the Governments of Australia and the United Kingdom had each agreed to provide 35 per cent. New Zealand was contributing 10 per cent and India approximately the same amount.

No commitment had been made by Canada, but it had been planned to recommend that $500,000 per year be contributed for each of the years of operation of the scheme. In view of the considerations already mentioned with regard to the United Nations technical assistance programme, it seemed desirable to reduce this sum to $400,000.[13]

12. *The Prime Minister* said that it was important to ensure that there be no duplication between the United Nations programme and the one agreed to at Sydney. The most satisfactory arrangement would be to have both handled through the same organization and Canadian efforts should be directed toward integrating the two programmes to as large an extent as possible.

13. *The Cabinet*, after discussion, agreed

(a) that a contribution of $400,000 be made to the technical assistance programme recommended by the Commonwealth Consultative Committee on South and South-east Asia for the 12 months beginning July 1st, 1950; and,

(b) that Canadian representatives endeavour to have measures taken to ensure that there be no duplication between the work of the Commonwealth Consultative Committee's technical assistance programme and that established by the United Nations, and that everything possible be done to merge the two schemes.

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SECTION B

RÉUNION DU COMITÉ CONSULTATIF DU COMMONWEALTH SUR L'ASIE DU SUD-EST, LONDRES, DU 25 SEPTEMBRE AU 4 OCTOBRE 1950
MEETING OF COMMONWEALTH CONSULTATIVE COMMITTEE FOR SOUTH-EAST ASIA, LONDON, SEPTEMBER 25-OCTOBER 4, 1950

672. DEA/11038-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1305 Ottawa, September 7, 1950

CONFIDENTIAL. IMPORTANT.

Repeat Washington EX-1527.
Following from Heeney, Begins: Commonwealth Consultative Committee. Our No. 1278 of September 2, 1950.†

[13] Voir le document 376./See Document 376.

1. The Interdepartmental Committee approved, with one minor amendment, the draft instructions† to the Canadian delegation and these will now go forward for Cabinet approval. The amendment is in the last sentence of the first paragraph. The words "work of" are replaced by "problems confronted by".

2. The Committee was much concerned about the general trend of Commonwealth plans for assistance in South and Southeast Asia. These were laid many months ago under conditions very different from those of today. They depend heavily on the willingness of the United States to participate. Yet it is very doubtful how far Congress will go under present conditions to finance Asian development and doubly doubtful whether it will be willing to provide assistance to the area through machinery set up under Commonwealth auspices. The possibility of a continuation of the Marshall Plan raises new issues, particularly since the urgent need for direct United States assistance in the area was partly predicated on the termination of the existing plan, and the resulting inability of the United Kingdom and other European countries to continue their own assistance in the area. Further misgivings are aroused by accumulating evidence that the countries in the area are themselves reluctant to participate in the scheme.

3. There seems to be a real danger that the London meetings may end in failure and disillusionment. Under present conditions in Asia this might have very unfortunate and far reaching results.

4. The Interdepartmental Committee suggested that Mr. Pearson might take advantage of the North Atlantic Council Meeting in New York this month to discuss this situation with Mr. Acheson and Mr. Bevin. I understand from Mr. Pearson that he is willing to do so. The subject might also be discussed with Mr. Spender who, I understand, will be in New York for the United Nations General Assembly.

5. Meanwhile I would be grateful to have your comments and suggestions.

6. We have already asked our Embassy in Washington to explore United States attitude, or attitudes, but as we anticipated they are not finding this easy.

For Washington Only

7. The draft instructions referred to in paragraph 1 above are transmitted in my immediately following teletype.† Ends.

673. DEA/11038-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2060 Washington, September 8, 1950

CONFIDENTIAL. IMMEDIATE.

My WA-2043 of September 7th.† United States attitude towards Commonwealth Consultative Committee.

1. Yesterday evening Matthews and Ignatieff had a talk with Labouisse, who said he had had further talks with Thorp, Assistant Secretary for Economic Affairs, and McGhee, Assistant Secretary for Near Eastern and South Asian Affairs.

2. Labouisse dealt with the South and South East Asian area in three divisions. (1) The Philippines and Indonesia, where he implied the United States planning was far advanced and these might well be regarded as the primary responsibility of the United States. (2) Burma, Indo-China and Thailand. The United States planning for this area is fairly detailed and insofar as the funds available this year are concerned a decision has been reached as to what should be made available to each country and what should be allocated to agriculture, health, education and transportation in each country. Mr. McGhee will be in London about the 15th of this month and intends to make available to the Commonwealth group the details of these plans. Labouisse said that it would be desirable to coordinate Commonwealth and United States planning in this area and that he felt United States plans should be the basis of that coordination.

3. The third area is India, Pakistan and Ceylon. Labouisse said that thinking had gone much further than he had previously realized concerning these areas. However, for this area no detailed planning has taken place, but it has been decided that substantial appropriations will be sought for aid, particularly to India, in the next fiscal year. The United States would welcome a Commonwealth assessment as to the type of aid required and the manner in which aid might best be used in this area, and Labouisse suggested that Commonwealth planning might well be the basis of coordination in this area. Labouisse said it would be unfortunate if the Commonwealth scheme were presented to the United States as a request for any definite sum of money. He added that the Commonwealth scheme should be drafted so that it stood on its own and was not conditional upon further aid coming from the United States. The Commonwealth plan would undoubtedly show a large gap between requirements and aid available and the United States could then consider meeting part of the deficiency.

4. Labouisse had had further talks with Acheson, who had told him it would be impossible in any presentation to Congress to tie in aid with any easing of the British position on sterling balances. He said, however, that if Congressional approval of appropriations to be requested were forthcoming it might be possible to tie the two in together administratively.

5. Labouisse went on to say that State Department were anxious to receive informal Canadian opinion as to the best manner in which the United States contribution to the South Asian (particularly India) problem might be made. He pointed out that in the United States Administration any suggestions coming from the United Kingdom or other members of the sterling area might be suspect owing to their direct self interest in the sterling balance problem, while on the other hand Canadian opinion would be most helpful. He discussed the desirability of some Canadian official who had been closely involved in the consideration of this problem, (perhaps Mr. Plumptre) coming to Washington in the fairly near future.

674. DEA/11038-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1747 London, September 11, 1950

CONFIDENTIAL

Reference your telegram No. 1305, September 7th. Commonwealth Consultative Committee.
Following for Heeney from Wilgress, Begins: I share your concern that failure to secure the cooperation of non-Commonwealth Governments in South East Asia is likely to have unfortunate implications for the work of the Consultative Committee on the development programme. Not only would the narrower Commonwealth approach no doubt prove less attractive to the United States, but it probably could be fairly effectively represented by Soviet propaganda simply as an endeavour of the Commonwealth and the United States further to extend their influence in this area. The danger from this point of view would, of course, be much less if Burma, Indonesia and Thailand, as well as the Associated States of Indo China, were willing partners in the venture. As you know, a renewed effort is being made to interest these Governments in the plan, and it is probably too early to rule out the possibility that they will be represented at the meetings projected for October 2nd to 7th. In this connection Otto Clark has told us that he understands that the United States representatives in the region have been instructed to suggest to the Governments concerned that they accept the invitation to come to London. This would seem to indicate a rather more active interest in the work of the Consultative Committee, at least in the State Department, than might have been assumed. In this regard you may be interested to know that the United Kingdom has had the Griffin report[14]

2. From what Otto Clark has said to Canada House officials, I judge that the United Kingdom is perhaps less concerned than the Canadian authorities about the possibility of an unfavourable United States reaction to the Commonwealth initiative. While recognizing that the conflict in Korea has substantially altered the situation existing at the time of the Colombo and Sydney meetings, they appear to think that the conflict may have given new emphasis to the importance of doing something positive to assist South and South East Asia. Whatever the progress of the United Nations campaign in Korea, the development of closer relations with

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[14] Allen Griffin, rédacteur en chef et éditeur du *Monterey Peninsular Herald*, a dirigé une petite mission en Asie du Sud-Est au début de 1950 afin de déterminer comment l'aide économique et militaire américaine pourrait être étendue à la région. Voir *FRUS*, 1950, volume VI, Washington: Department of State, 1976, pp. 11f.
Allen Griffin, editor and publisher of the *Monterey Peninsular Herald*, led a small survey mission to South-East Asia in early 1950 to explore how American economic and military assistance might be extended to this region. See, *FRUS*, 1950, Volume VI, Washington: Department of State, 1976, pp. 11f.

friendly countries in that area, particularly India, will almost certainly have to be an important element in any United States or United Nations Far Eastern policy which will have a chance of succeeding. The report of the Consultative Committee will provide an early opportunity for improving such relations, in the view of United Kingdom officials, and is therefore likely to be welcomed by the United States.

3. Concerning the report itself, as you know, the introductory chapters are to be framed to highlight the problems of the area as a whole. It is not envisaged that the report itself would be designed only for United States consumption. It would be addressed to the world, and presumably would emphasize the needs of the area as a whole, although of course more detail would be given with respect to countries which had submitted programmes. If the report takes this form, it would not prejudice the question of whether or not an approach is to be made to the United States, nor would it preclude the possibility of any Commonwealth assistance being integrated with that being planned by the United States or by United Nations agencies.

4. The United Kingdom does not consider that a formal indication of United States willingness to receive and give favourable consideration to the report of the Consultative Committee should necessarily be a prerequisite to its publication. In their view, such a formal approach at this stage might result in an unconsidered refusal, or the suggestion of unnecessary modifications, which might prejudice the future position. Publication before or simultaneously with an approach to the United States might be of assistance through the mobilization of public opinion to those elements in the United States Administration in favour of some substantial assistance to the area. Meanwhile, it is of course intended that the United States will be kept informed on progress in the preparation of the report.

5. From a first review of the programme, it would appear that the amount of external [assistance?] requested is probably small in relation to the real needs of the area. The programmes appear to be realistic in relation to what the countries themselves could support by way of development at the end of the six year period. From what Otto Clark has said, I think that the United Kingdom feels that the programmes might have been somewhat larger if the primary objective had been to secure an immediate or substantial improvement in living conditions in the area, without so much regard for the ability of the countries concerned to sustain the level from their own resources at the end of the six years. It may be that the United States would prefer some more drastic approach to the problem, but my own view is that the degree of moderation shown in the programmes is likely to commend the report to those countries and agencies which may be asked to extend assistance.

6. In my own view, the most important problem at the moment is to secure the cooperation of the non-Commonwealth South East Asian countries. In the meantime, I think the preparation of the report as envisaged might go forward. The final chapters, which are of course the most important in relation to the possibility of an approach to the United States, could always be altered at the ministerial stage of the meetings at the end of the month, when we may have a clearer idea about the position of Burma, Thailand and Indonesia, and about the state of United States opinion. Ends.

675. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 217-50 [Ottawa], September 11, 1950

CONFIDENTIAL

COMMONWEALTH CONSULTATIVE COMMITTEE ON SOUTH AND SOUTH-EAST ASIA — INSTRUCTIONS FOR LONDON MEETINGS

I attach draft instructions to the Canadian delegation to the meeting of the Commonwealth Consultative Committee for South and South-East Asia in London, September 25th to October 7th.

These instructions have been agreed by the Interdepartmental Committee on External Trade Policy.

I recommend that they be accepted.[15]

L.B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

Instructions provisoires à la délégation canadienne à la deuxième réunion du Comité consultatif sur le Commonwealth pour l'Asie du Sud et du Sud-Est, Londres, du 25 septembre au 7 octobre

Draft Instructions to the Canadian Delegation to the Second Meeting of the Commonwealth Consultative Committee for South and South East Asia, London, September 25-October 7

CONFIDENTIAL [Ottawa], September 11, 1950

General—The Delegation should indicate that the Canadian Government is keenly aware the world situation is very different today from what it was last May when the first meeting of the Commonwealth Consultative Committee was held to consider economic development in South and South East Asia. The military action against aggression in Korea has, in the view of the Canadian Government, in no way diminished but, on the contrary, accentuated the need for improved economic, political and social conditions in Asia. In the view of the Canadian Government, therefore, the turn of events has made the problems confronted by the Commonwealth Consultative Committee more important than ever.

Guiding Principles—It appears probable that the discussions in London will centre around the implementation of the seven-year development programme for South and South East Asia recommended at Sydney. In this connection, special emphasis will no doubt be placed on the possible participation of the United States and care-

[15] Approuvé par le Cabinet, le 12 septembre 1950./Approved by Cabinet, September 12, 1950.

ful attention given to the form of the Report on plans for economic development in the Area which is expected to emerge from the Conference and which may be used as a basis for a joint approach to the United States Government by the members of the Consultative Committee.

Four main considerations should guide the attitude adopted by the Canadian Delegation during the course of the London meeting. They are:

(a) The weakness of the Marshall Plan approach to the problem of economic development in Asia.

(b) The limited resources available within the Commonwealth for economic development in the Area.

(c) The importance of United States support and participation.

(d) The strength of the spirit of nationalism in Asia.

Each of these considerations is dealt with briefly below.

(a) *The Weakness of the Marshall Plan Approach to the Problem of Economic Development in Asia* — There is naturally a tendency to model an approach to the problem of economic development in Asia on the Marshall Plan. The circumstances, however, surrounding the growth of the European Recovery Programme are not repeated in the situation in Asia. A convenient yardstick was available in Western Europe to calculate the amount of outside assistance required to reach a clearly defined goal which was not beyond the bounds of possibility. By aiming at a standard of living approximating the pre-war level, a gap in the balance of payments could be arrived at, which it was hoped to eliminate (or at least reduce to manageable proportions) at the end of four years. There is no such yardstick available for economic development plans in Asia. In that area new ground must be broken. The goal is a much higher level of life in a vast and populous region than has ever before been achieved. Its attainment is essentially a matter of growth and the creation of a favourable environment which depends on many things including a suitable fiscal policy, conservation of resources for the most important uses and intelligent timing of the projects to be undertaken.

There are, however, certain aspects common to recovery in Europe and economic development in Asia. In both cases self help and mutual assistance are of great importance. In addition any external financial assistance extended in Asia will of course be reflected in the balance of payments of the countries concerned. The essential distinction is that, in the presentation of the Marshall Plan, the goal to be achieved indicated the amount of aid required. A parallel approach in Asia is obviously impossible. Indeed in that Area circumstances impose the opposite approach; plans for economic development must be cut to fit the amount of outside assistance available. The Canadian Delegation should therefore emphasize the view of the Canadian Government that the need for external assistance, vital though it is, should be viewed in clearer perspective than is afforded by expressing the problem of economic development in terms of a gap in balance of payments. In taking this position the Delegation will of course make it clear that the Canadian Government fully recognizes the urgent need for economic development in Asia and the essential part of external financial assistance in meeting that need.

(b) *The Limited Resources Available within the Commonwealth for Economic Development in the Area* — In approaching the problem of economic development in Asia the Canadian Delegation should bear in mind that the resources available within the Commonwealth are very limited in relation to the proportions of the task. It is the view of the Canadian Government that it would be the part of wisdom for members of the Consultative Committee to face this fact realistically in order to avoid risking the real dangers of subsequent disappointment and disillusionment. The Canadian Delegation should indicate that in view of budgetary considerations, the fact that there is no substantial surplus in our current account balance of payments, the necessity for increased defence expenditures and our general obligations in the North Atlantic area, the Canadian Government is unable, at this time, to undertake definite commitments with respect to economic development in Asia. But the Canadian Government recognizes the importance of healthy and stable conditions in the countries of Asia and it would be prepared, if it appeared likely that the United States Government would participate in a general development plan for the Area, to give sympathetic and earnest consideration to the question of participation.

(c) *The Importance of United States Support and Participation* — In view of the limited resources available within the Commonwealth, the participation of the United States in any plan is obviously of paramount importance. The Report of the Committee should therefore give credit to the United States for the action it is already taking in the fields of technical assistance and economic development in Indo-China, Burma, Malaya, Thailand and Indonesia. The Report should avoid any implication that the activities of the Consultative Committee constitute a lead which the United States might follow. On the contrary, the general approach should be calculated to promote the integration of all efforts towards economic development in the Area.

(d) *The Strength of the Spirit of Nationalism in Asia* — The Delegation should show a sympathetic understanding of the spirit of independence which is taking a highly nationalistic turn in present-day Asia. In this respect the Canadian Delegation should be in a preferred position: free from the shadow of the past and patently motivated by a disinterested desire to see the countries of Asia work out their own destinies in peace and freedom. The Delegation should bear in mind that the memory and fear of colonialism is even now a stronger force in Asia than opposition to Communism. The Delegation should not hesitate, if the opportunity occurs, to attempt to remove any obstacles to agreement which may arise from suspicion of latent colonialism from the West.

Form and Purpose of the Proposed Report — The considerations above lead to certain conclusions about the position that the Delegation should adopt with regard to the form and purpose of this Report which is expected to emerge from the Conference. In this connection there appear to be two basic alternatives:

(a) the Report could be primarily designed to attract the participation of the United States Government in the development programme described therein; or

(b) the Report could take the form of a record of the needs of the Area and the development plans of the countries concerned including information on specific

projects, priorities etc. Some reference to the need for external aid in order to carry out the development programmes would logically be included but such a Report would be a straightforward document free of any of the coloring inherent under the first alternative.

The Canadian Government is concerned that if alternative (a) receives favourable consideration at London, the essential conditions for its success are assured as far as possible before a final decision is reached. In the view of the Canadian Government these essential conditions are:

(i) A clear indication that such a Report would be welcomed by the United States Government. It is apparently thought that if the Report is used as a basis of a joint approach, the United States Administration would then seek Congressional approval for United States participation in the development programme set out in the Report. Before the first step is taken in this direction the Canadian Government wishes to be as sure as possible that this method of approaching the problem of economic development in Asia is in accordance with the United States thinking and will be followed through if initiated. Preliminary informal enquiries in this connection are being made by the Canadian Embassy in Washington.

(ii) A clear indication of real support on the part of the Asian countries concerned for a Report in this form to be used as a basis of a joint approach to the United States.

(iii) A clear indication that the Asian members of the Commonwealth and non-Commonwealth countries in South and South East Asia would be prepared to enter into the kind of international programme envisaged with enthusiasm, determination and realism.

If all these components are assured, the Canadian Delegation should accept alternative (a) and seek to influence the form and content of the Report accordingly.

If, however, any of the above constituents is lacking the Canadian Delegation should press for a factual Report under alternative (b). In the event this alternative is pursued, the Committee might find it valuable to consider the economic development of Asia through the use of existing machinery. In this connection, the possibility of channelling external assistance through such agencies as the International Bank, Food and Agricultural Organization and Economic Commission for Asia and the Far East might be explored.

676. DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET Ottawa, September 11, 1950

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COMMONWEALTH CONSULTATIVE COMMITTEE ON SOUTH AND SOUTH-EAST ASIA

Mr. LePan said that Mr. Deutsch and himself would be going as advisors to Mr. Mayhew to the forthcoming meeting of the Commonwealth Consultative Committee on South and South East Asia in London. (Unclassified)

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677. DEA/11038-40

Le haut-commissaire par intérim au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1835 London, September 23, 1950

CONFIDENTIAL

COMMONWEALTH CONSULTATIVE COMMITTEE ON SOUTH EAST ASIA

The Ministerial meetings will begin on Monday morning with a public session, the proceedings of which will be broadcast. All the Ministerial representatives are to speak. The agenda for the Ministers is as follows: consideration of the draft report prepared by officials on the economic development of South East Asia, consideration of the report of the Standing Committee on Technical Assistance, position of the non-Commonwealth Governments in the area, the nature of the continuing organization, and priority economic requirements (Spender's proposals for immediate short term economic assistance).

2. The drafting of the report on economic development has been completed and it will be available to Ministers at the opening of the meetings. The report itself is very largely factual and contains no recommendations. It is not addressed specifically to the United States, but to the world in general. The report is also so framed as not to imply the endorsement of individual country programmes by other members of the Commonwealth. However, it is intended that, towards the end of the Conference, Ministers will be expected to agree to recommend to their Governments that they should approve the report as a whole. This will mean that Commonwealth Governments will subscribe to its broad findings. Ministers are being asked in particular to consider the following matters which so far have been left open in the report:

"*Individual Country Programmes*. It was decided at the Commonwealth Consultative Committee meeting at Sydney that there should be no "screening" of country programmes by the Consultative Committee, except to ensure consistency as between the various facts and figures in the report. Nor did the preliminary meeting of officials preparing the draft report concern themselves with the assessment of priorities as between projects in individual country programmes or the relative magnitudes of the programmes themselves.

Financial Assistance from Commonwealth Sources. The preliminary meeting of officials decided that the question of the extent of the financial assistance to be provided by Commonwealth countries under the plan was a matter to be reserved for discussion by Ministers. Provision is made in the report for the insertion of the conclusion which may be reached on the matter.

Position of Non-Commonwealth Countries. The report refers in general terms to the similar position arising in the non-Commonwealth countries of Burma, Indonesia, Siam and Indo-China, although these countries have not so far provided information on the lines of the Commonwealth countries. It was felt that the report would be incomplete without some reference to the identical economic problems of all countries in the area. The report also refers to the possibility of non-Commonwealth countries cooperating in the programme in the future. Since important policy questions are raised by the problem of associating non-Commonwealth countries with the report and the future programme which it outlines, a separate paper on this matter has been put up to Ministers. (See paragraph 4 below).

Title of Report. This will be of some importance if the report is published, and it should be acceptable to the countries in South and South-East Asia including non-Commonwealth countries. It is important, bearing these countries in mind, that the title should not emphasize the "Commonwealth" aspect and should be suitable for presentation in the United States. The following titles are suggested for consideration:

The Colombo Plan for South and South-East Asia
Co-operative Economic Development in South and South-East Asia
A Plan for Economic Advance in South and South-East Asia.

Publication of the Report. Officials decided that the question of publication of the report was an important one which must be reserved for Ministers. But the report was drafted on the assumption that Governments might decide to publish it."

3. With respect to the report of the Standing Committee on Technical Assistance, Ministers will be asked to consider and approve the draft constitution of the Bureau drawn up at Colombo. We will attempt to have the Constitution altered in accordance with suggestions made by Mr. Johnson, but we are doubtful that we will be successful.

4. Concerning the position of non-Commonwealth Governments in the area, officials have made the following suggestions for consideration by Ministers in connection with the meeting with non-Commonwealth representatives scheduled for October 2nd.

"Commonwealth Ministers

(a) Should make every effort to obtain as large a degree as possible of endorsement of the report by the non-Commonwealth Governments; for this purpose the possibility should remain open for a full discussion of the report as prepared by the Commonwealth countries of the area.

(b) Should this course become impracticable, inform non-Commonwealth representatives in general terms of the scope and nature of the Commonwealth proposals and provide them with copies of the report for transmission to their Governments, pointing out that there are general references throughout the report to the economic position of the non-Commonwealth countries, the insertion of which was inevitable in order to give a picture of the area as a whole.

(c) and request them;

(i) to recommend to their Governments approval of the aims and objects of the report, as well as of the references in it to the non-Commonwealth countries;

(ii) to urge notification by their Governments, if they see merit in the plan, of their approval of the report by, say, October 20th so that there shall be the least possible delay in the preparatory work required for implementation of the plan;

(iii) to suggest to their Governments that representatives of the latter should meet with representatives of the Commonwealth Governments at a date to be fixed later to discuss further advancement of the plan in respect of their own development needs on the basis of material already submitted or which might subsequently be submitted;

(iv) to suggest to their Governments that they should agree to participate forthwith in the technical assistance scheme without prejudice to their decision to participate in the six-year development plan".

5. The subject of the nature of the continuing organization is entirely open and has not yet even been thoroughly considered by officials.

6. On the question of the priority of economic requirements you will recall that following the Sydney Conference this item was to have a high place on the agenda of the London meeting. However, in the meantime, it appears that the enthusiasm of the Australians, at least at the official level, has waned very considerably. The Australian officials do not know, however, whether or not Mr. Spender will have any specific proposals to make. At any rate, the matter is to be placed far down on the agenda.

7. Conversations with the American liaison officer here have elicited the information that the United States prefer not to have too much publicity for the report at this stage owing to the multiplicity of other projects before Congress at this time.

678. DEA/11038-40

Le haut-commissaire par intérim au Royaume-Uni au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in United Kingdom to Secretary of State for External Affairs

TELEGRAM 1837 London, September 25, 1950

CONFIDENTIAL. IMMEDIATE.

My telegram No. 1835 of September 23rd: Commonwealth Consultative Committee on South and South East Asia.

The United States Government have now transmitted to the United Kingdom Embassy in Washington their comments on the revised synopsis which was submitted to them by the United Kingdom as a result of agreement with other members of the Commonwealth Consultative Committee. The United States authorities would welcome a report along these lines and say that it would be useful to them in developing their ideas and plans for extending assistance to South and South East Asia.

2. They have added three particular comments:

(a) The report should not be cast in the form of a bill to be presented to the United States;

(b) Although in the view of the administration whatever grants are made to the area should be "untied", they would hope that the report would not insist on "untied" assistance as a condition of a satisfactory scheme. On the other hand, they would have no objection if the argument of the report were to point clearly in that direction.

(c) They are content that the case for financial assistance should be based both on the need for economic development in the countries in the area and on the importance of the area in attempts to restore a multilateral system; but they would prefer stress to be laid on the first argument rather than on the second. All of these points would seem to have been taken into account in drafting the report as it stands at present.

3. In speaking to Rowan,[16] Labouisse suggested that after the conference is over the report should not be communicated formally to the United States Government but should merely be handed to the United States Liaison Officer here in London. Within a few weeks Mr. Acheson would hope to make favourable mention of the report in public; and it might be published shortly after that.

4. In view of this renewed indication of sympathetic interest in Washington and of active prosecution there of plans for financial aid to South and South East Asia, there is a widespread feeling here that the Consultative Committee should try to go

[16] Sir (Thomas) Leslie Rowan, directeur exécutif du Royaume-Uni de la Banque internationale pour la reconstruction et le développement.
Sir (Thomas) Leslie Rowan, Executive Director for United Kingdom of the International Bank for Reconstruction and Development.

at least a little distance towards deciding what type of organization would be best if and when the United States decides to participate. Opinion seems to be in favour of an organization on which donors and recipients would sit as equals tackling a common problem. This organization would of course have to be supplemented by bilateral agreements between the United States and recipient countries and also by United States missions in those countries, although if such missions could be camouflaged within United States Embassies that would seem to be desirable. The functions of the collective organization would be to provide a forum for the discussion of development problems in South and South East Asia, to review progress and draw up periodic reports. It is argued that this type of organization is to be preferred to the OEEC type because

(a) It would be more acceptable to Asian susceptibilities, and

(b) It would more easily permit participation by Commonwealth countries outside the area.

5. Obviously there is a danger that, if the Consultative Committee were to go very far in considering these questions of organization before it was clear that the United States aid would be forthcoming and if these discussions were to come to the ears of United States authorities (as they almost certainly would), the administration might be irritated that the Consultative Committee seemed to be jumping the gun. We have been somewhat worried on this score. On the other hand, the United Kingdom representatives have argued forcibly that they will certainly be approached by the United States on the question of organization as soon as the present meetings are over; and they would like to be in a position to indicate what form of organization would be most acceptable particularly to the Asian members of the Consultative Committee. The Indian representatives have also stated privately that they hope the Committee will discuss this subject, since that would be helpful to them in raising it with their own Government and in particular in pointing out that United States aid can hardly be expected unless India is prepared to accept some kind of scrutiny and supervision of the use made of whatever financial assistance may be provided. As a way out of the difficulty, it has been suggested that a paper on organization containing recommendations should be submitted by officials to Ministers at this meeting of the Consultative Committee. Ministers would discuss it, but would not come to any conclusion. However, at the end of the discussion the Chairman would state that in his view there seemed to be a consensus in favour of the recommendations made in the paper submitted by officials. Such a record in the minutes would not be binding on any Government but would be sufficient to serve the purpose of the United Kingdom and Indian delegations. It would therefore seem to be a satisfactory compromise.

6. If, as now seems likely, the United States administration makes use of the report in some form and goes forward with plans for financial aid to South and South East Asia, the next step will probably be a request by Washington for further information from the recipient countries. It is felt that the weaker brethren, particularly Pakistan and Ceylon, would not be able to cope effectively with such requests. For that reason thought is being given to how they might best be provided with technical advice. It has been suggested that the Standing Committee which met in

Colombo this summer should be kept in existence for this purpose and, if need be, should meet towards the end of the year in one or other of the Asian capitals in order to help Pakistan and Ceylon in supplying whatever further information is requested by the United States. This would seem to be a sensible suggestion. If done unobtrusively, it would result in the countries concerned receiving the advice that they may need without arousing suspicions in Washington that an attempt is being made to maintain control from London.

7. In an informal conversation with the United States Liaison Officer, it was suggested to us that it would not be desirable to propose in the report that aid to South and South East Asia should be funnelled through a Commonwealth organization.

679. DEA/11038-40

Le haut-commissaire par intérim au Royaume-Uni au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in United Kingdom to Secretary of State for External Affairs

TELEGRAM 1858 London, September 28, 1950

SECRET. IMMEDIATE.

Reference Commonwealth Consultative Committee.

1. The Committee has been examining the draft report prepared by officials on economic development in South East Asia. No significant issues have arisen, but in the next day or two we will come up against the difficult question of what is to be said in the report regarding the financial assistance which Commonwealth Governments can make available. At every opportunity we have endeavoured to steer matters in such a way that the report would not say anything involving any commitment on the part of any Government. The draft report prepared by the officials contains no proposals, but simply draws the attention of the Ministers to the question.

2. The total external financial assistance required to carry out the development programmes covered in the report, namely, those for India, Pakistan, Ceylon, Malaya and British Borneo, is calculated to be approximately one billion pounds sterling over the six year period. That of course does not include anything for the non-Commonwealth Governments whose programmes have not been received. The United Kingdom authorities have indicated to us that they now feel that it would be highly desirable if the Commonwealth countries who may be in a position to extend aid, namely, the United Kingdom, Australia, New Zealand and Canada, could indicate in the report that they are prepared to supply a substantial part of the billion pounds. The United Kingdom authorities feel that the countries in South-East Asia would press very strongly for such an indication, and further, that if an indication were given it would help immensely in getting the remaining sizeable contribution required from the United States. The United Kingdom have informally discussed with us three possible alternative statements for inclusion in the report:

(a) An indication by each contributing Commonwealth Government, namely, the United Kingdom, Australia, New Zealand and Canada, of the amount of financial assistance it is prepared to provide over the six year period;

(b) An indication of the proportion of the total amount of one billion pounds which the contributing Commonwealth Governments as a group would be prepared to undertake, say 50 percent, without any breakdown as between different contributing Governments; and

(c) An indication in general terms that the contributing Commonwealth Governments would be prepared to provide substantial assistance by way of releases from sterling balances, use of their subscription to the International Bank, loans raised in private capital markets, and possibly Government to Government loans, without stating any percentage of the total which this assistance might comprise and without reference to what individual Governments might be prepared to do.

3. In the informal discussions of this matter with the United Kingdom representatives we have made it very clear that the delegation is in no position to agree to any statement in the report which would recommend to the Canadian Government or in any way commit the Canadian Government by implication or otherwise to any financial assistance. We have made it very clear that this is a matter which the Canadian Government would have to consider in the light of the report which it has not yet seen, and in the light of many other important factors, including of course any concrete action taken by the United States. The United Kingdom apparently has in mind a figure regarding its contribution which it would be prepared to make (mainly sterling balance releases). It has in mind also figures which it would hope it could persuade Australia and New Zealand to agree to. They have not yet, however, had any concrete indication from the latter two countries. The United Kingdom it appears would be prepared to go at least as far as a statement along the lines of alternative (b) in the report. However, they have not yet come to a firm conclusion.

4. We are continuing to take the position that it is not desirable to attempt to say anything in the report regarding the measure of financial assistance which contributing Commonwealth Governments would be prepared to provide. It is possible, however, that every attempt will be made to get us to agree to go at least as far as a statement along the lines of alternative (c). If all the others agree on a proposal of this kind despite our arguments, we will be in a position of either having to fall in line or to ask for the insertion of a statement which specifically reserves the Canadian position. It is not yet clear whether such a situation will arise, since the discussion is still proceeding on an informal and behind the scenes basis. However, we would be grateful for further guidance at the earliest possible time.

680. DEA/11038-40

Le haut-commissaire par intérim au Royaume-Uni au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in United Kingdom to Secretary of State for External Affairs

TELEGRAM 1875 London, September 29, 1950

SECRET. IMMEDIATE.

Reference telegram No. 1858, September 28th, Commonwealth Consultative Committee.

Ministers discussed today question of what should be said in the report on economic development regarding the financial assistance available from Commonwealth countries. The United Kingdom circulated a draft proposal along the lines of alternative "C" outlined in our telegram under reference. Mr. Spender of Australia opened the discussion. It was apparent from his remarks that he preferred to say very little on this matter in the report at this stage. He wanted to have more time for consultation with his Government. Mr. Mayhew explained why it was not possible for us to agree to any statement in the report which can be taken to imply a commitment on the part of the Canadian Government in any shape or form. He argued that it would be desirable not to state anything in the report regarding what Commonwealth Governments might be able to do, for this is a matter which would clearly have to be considered by Governments. The Canadian position was supported by New Zealand. The representative of the Asian countries appeared to understand this position. Officials were then instructed to prepare a draft in the light of the Ministerial discussions.

2. The draft which has now been prepared by officials contains a description of the various possible sources of external finance, such as the use of sterling balances, International Bank, loans raised by Governments in private capital markets, borrowing by private enterprise from private investors, and Government loans to Governments, without stating possible amounts or involving any undertaking on the part of any Government. It then goes on to say:

"The Commonwealth Governments are considering to what extent the external finance requirements can be provided by their countries under the five headings above. But the task of providing this financial support for the development of South and South-East Asia is manifestly not one which can be tackled by the Commonwealth alone. The need to increase the standard of living in South and South-East Asia is a problem of concern to every country in the world, not only as an end in itself, but also because the political stability of the area and its economic progress are of vital concern to the world."

3. It is probable that this draft will be acceptable to the Consultative Committee. Ends.

681. DEA/11038-40

Le haut-commissaire par intérim au Royaume-Uni au secrétaire d'État aux Affaires extérieures

Acting High Commissioner in United Kingdom to Secretary of State for External Affairs

TELEGRAM 1899 London, October 4, 1950

SECRET

COMMONWEALTH CONSULTATIVE COMMITTEE ON SOUTH EAST ASIA

The meetings of the Committee were concluded today. The draft report on economic development has been approved by Ministers. It was decided that the report will be published, but not immediately. It is hoped, however, that publication may take place as soon as possible, perhaps in three or four weeks' time after Governments have had the chance to look at it and after there has been some opportunity of obtaining United States views regarding the exact timing which might be convenient from their standpoint. It was decided also to prepare a popular version of the report which will not be published, however, until after there has been an indication of whether or not the United States will participate in the scheme.

2. The discussions in the Committee proceeded throughout in a most friendly and constructive spirit. On every hand there was a desire to do a workmanlike job and no untoward or awkward incidents were encountered.

3. The paragraph in the report concerning the question of financial assistance available from Commonwealth Governments is identical with the quotation contained in paragraph 2 of our telegram No. 1875 of September 29th.

4. An agreed communiqué was drawn up at the conclusion of the meetings. The text is being forwarded in a following telegram.†

682. PCO

Document du Comité interministériel sur la politique du commerce extérieur

Interdepartmental Committee on External Trade Policy Document

ICETP NO. 83 [Ottawa, October 18, 1950]

CONFIDENTIAL

(For consideration under Item 4 of the Agenda for October 20, 1950)

MEETING OF COMMONWEALTH CONSULTATIVE COMMITTEE, LONDON, SEPT. 25-OCT. 4

The chief accomplishment of the meeting in London of the Commonwealth Consultative Committee on South and South-East Asia was the preparation of a draft report on a six-year plan of economic development in the area. A copy of this

report is attached.† In the view of the Canadian delegation it is a good document. It will no doubt play a significant role in the organization of practical measures for the improvement of economic conditions in South and South-East Asia. The six-year economic development programmes of each of the Commonwealth countries in the area, outlined in the report, are sensible, moderate and realistic in their general conception.

2. The first meeting of the Commonwealth Consultative Committee in Sydney was marked by confusion and acrimony. It is not possible to understand the harmony which prevailed at the meeting in London without recalling some of the developments which had occurred between the meeting in Sydney and the meeting in London, and which smoothed the way for the drafting of the report.

3. The attack in June on the Republic of Korea and the lively reaction which that provoked throughout the whole of the free world, had made much more visible than previously the importance of Asia to the West and the way in which Western countries could not escape becoming involved in the event of Communist aggression in the Far East. Moreover, the apathy of the South Koreans, at least in the early stages of the campaign, had emphasized the importance of securing the support of Asian opinion. As a result, there was general agreement in London that the West must take whatever steps were open to it to prevent any further large segments of the Eurasian landmass from falling under Communist domination; and there was also general agreement that this could be done only if the peoples of Asia were given some real hope of an improved standard of living, which would involve financial assistance from outside the area.

4. On the other hand, there had also been developments which might have been expected to weaken or deflect the initiative which was taken at the meeting of the Commonwealth Foreign Ministers in Colombo and which was rescued at Sydney from confusion and collapse. It had been hoped at those previous meetings that non-Commonwealth countries in South and South-East Asia would be willing to participate fully in drawing up plans for economic development in the area. Indeed, much of the attractiveness of the original conception was to be found in the hope it held out that a conspectus could be drawn up of the needs of the area as a whole. In the event, however, it proved impossible for Burma, Thailand, Indonesia and the Associated States of Indo China to present at the meetings in London six-year development programmes for their own countries as had been contemplated at Sydney. The reasons for this failure were various. In large part, they are to be found in the administrative weakness and inexperience of these countries, all of which, with the exception of Thailand, have recently achieved independence and either are or have been disabled by civil war. Moreover, on some of these countries the effect of the initial reverses suffered by United Nations forces in Korea had been to make them even less willing than previously to commit themselves to one side or the other in the struggle between the Communists and the free world. For these reasons when the conference opened no programmes had been received from any of the non-Commonwealth countries in the area, and only Thailand and the Associated States of Indo China had agreed to be fully represented at that stage of the meetings to which non-Commonwealth countries had been invited. Burma and Indonesia were represented by observers.

5. Following the disturbing and irresponsible attitude taken by the Australians at Sydney the United Kingdom decided to take the initiative. United Kingdom officials made themselves available to give assistance and general guidance to the countries concerned in the preparation of the six-year development programmes. This helped greatly to bring the project down to earth and to avoid the elaboration of impractical schemes and unrealistic hopes.

6. Meanwhile an important change had been taking place in New Delhi. At the Colombo conference, Mr. Nehru spoke at length about the need for industrialisation in Asia. He said little, if anything, about the need for improved agricultural methods. It was only Mr. Ghulam Mohammed, Minister of Finance for Pakistan, who attempted to redress the balance. The minutes of the second meeting in Colombo record him as having said that, "while he was all in favour of industrialization, the main problem in Asia was the modernization of agriculture; and what these countries needed most was agricultural machinery, fertilisers, better techniques and an extension of the agricultural cooperative movement. He would like to see more fertiliser factories established and more technical knowledge acquired by their people." The Indian Government has now come around to that view. This was made clear in a very impressive statement by Mr. Chintaman Deshmukh, when he was presenting the Indian programme to the Consultative Committee. At one point in his statement he spoke as follows:

> "Some time ago, it was India's aspiration to go forward with large-scale modernised industry but the present emphasis on agricultural development and rural industry is due to a change in outlook brought about by a more practical appreciation of the needs of the problem as well as the nature of available resources. This kind of planning is in accord with the generally accepted wishes of the people in general and the Congress Party in particular, and it is also the kind of programme which accords with the generally expressed wishes of the people in the industrialised countries as to the appropriate character of plans for development in predominantly agricultural countries whose potential resources have not been fully developed."

This represents a remarkable and decisive change of outlook when set beside the climate of opinion which has existed in India ever since independence was achieved, and which animated the ambitious Bombay Plan and other plans presented at the same period designed to further rapid industrialisation.

7. As a result of these shifts in opinion which had been taking place between the meetings in Sydney and in London, it was possible to prepare a report of a much more realistic character than many of the participants had expected. In the programmes submitted by all the Commonwealth countries in the area chief stress is laid upon improvements in agriculture. Highest priority is given to projects for irrigation, jungle clearance, anti-waterlogging, for better fertilisers, better seeds and more efficient animal husbandry. In the words of paragraph 13 of Chapter VIII of the report, "In all the countries (except Singapore where the problems are entirely different) the programmes concentrate upon agriculture, transport and communications and electric power. These are the basic development requirements related to

the overriding need to increase production of food and agricultural raw materials. They account for over 70 per cent of the total of the programmes."

8. Not only are the country programmes generally focussed in the right direction; they are all comparatively modest. The six-year programmes do represent in most cases a severe curtailment of the governments' previous hopes. The Indian Government, for example, has reduced the number of projects which it had under consideration, so that the total cost of the projects included in the six-year programme will amount to Rs. 18,400 million, instead of Rs. 32,190 million (paragraph 5, Chapter IV). Some indication has been given throughout the report in general terms that reductions in the programmes were dictated essentially by an appraisal of the amount of external finance which might be forthcoming. And the influence which this limitation had on drawing up the country programmes was to be even more plainly seen in the remarks made by officials of the countries concerned during the course of the preliminary meetings.

9. The total amount of external finances which will be required if the programmes are to be carried out, comes to £1,056 million over the six-year period. Of this amount £819 mm is stated to be required by India, £115 mm by Pakistan, £60 mm by Ceylon and £62 mm by Malaya and British Borneo. The terms and the precise methods under which this external financial assistance is to be provided is not discussed in the report. Also, no attempt is made in the report to analyse the appropriate form of external assistance, namely to what extent it should be in the form of grants, or in the form of loans. It is understood throughout that the precise nature of the external financial assistance to be made available is a matter to be decided later, and in particular by bilateral arrangement between the creditor and the recipient. Although it was universally recognised that much of the assistance required would have to come from the United States, no attempt has been made to specify the proportion which might be sought from that source. In the words to be found at the end of Chapter I, "The conception of the Commonwealth countries' approach to the problem is that a fresh impetus should be given to economic development in South and South-East Asia in order to increase production, raise standards of living, and thus enlarge the volume of trade around the world from which all countries may benefit. It is because this is a world problem of the first magnitude and not a purely national or regional one, that the Commonwealth governments have framed this report for the world's consideration."

10. Although individual countries have previously elaborated plans for economic development, this is the first time that all the Commonwealth countries in the area have put forward plans on a comparable basis and plans which take fully into account the limitations both of external and of internal finance. This marks a notable advance. The country programmes have been collated and their financial implications elucidated. They have been accompanied in the final chapter with a general analysis of the problems of economic development in the area. No attempt has been made to present a bill to the United States or to suggest that it has a primary responsibility for extending financial aid. On the other hand, it is hoped that by presenting such solid and sober country programmes, and by relating them in a comprehensive plan of defined clarity, the report will appeal to United States opin-

ion and, by its collective approach to the problem, will facilitate both the extension and the acceptance of financial assistance.

11. That is not to say, of course, that the report is without weaknesses. The statistical material it contains is sometimes shaky, although every attempt was made to make it as firm as possible. It must also be admitted that its impact is somewhat weakened by the inclusion of chapters on countries like Ceylon and Malaya which are at present in a much stronger economic position than India or Pakistan.

12. It may also be considered an important weakness that so little is said of the way in which the economic resources of those two countries are being drained by the dispute over Kashmir. The only passage dealing with this subject will be found in paragraph II of Chapter X. There it is pointed out that "defence expenditure in India and Pakistan, although it appears large in relation to their central budgets, is less so in relation to the total of central and provincial expenditure, and is in fact no more than 2-3 per cent of their national incomes. Defence there, as in all countries in the world, is a severe obligation, but nevertheless it is not a decisive element in the general consideration of the shortage of capital." This glosses rather too easily over the fact that both countries are now spending roughly 50 per cent of their central budgets on defence. After examining this passage, we had the feeling that the whitewash had been applied rather too liberally, and during the meetings of officials were able to have added to the final sentence an additional clause so that it now reads: "... although it must be a matter of continuing concern and should be reduced as soon as international conditions permit." During the Ministerial meetings Mr. Spender attempted to have this passage stiffened even further. He quickly found, however, as we had, that this is a question of such delicacy that he had to retreat without having introduced any further alteration in the text.

13. The chief reason for Mr. Spender's hasty retreat no doubt was his unwillingness to disturb the harmony which had prevailed between the Indian and Pakistani delegations at the conference, and indeed, between the representatives of all Commonwealth countries. This harmony persisted when the representatives of non-Commonwealth countries in the area joined the conference. There had been some doubt as to whether a meeting with the representatives of non-Commonwealth countries would be profitable. As it turned out, however, three meetings were held with the representatives of these countries, during which a valuable exchange of views took place. The questions which were asked by the representatives of these countries were, almost without exception, relevant and penetrating. And it appeared that the explanations which were offered by the representatives of Commonwealth countries around the table did much to remove the suspicions which had evidently been rife in Rangoon, Bangkok, Djkarta and Saigon. It should also be added that the United States Ambassadors in these capitals had urged the governments to be represented at the meetings of the Consultative Committee; and these representations had clearly produced a more amenable frame of mind.

14. If the governments of Burma, Indo China, Indonesia and Thailand were to participate fully in the work of drawing up a plan for economic development in South and South-East Asia, it would obviously be necessary to recast the name and character of the Commonwealth Consultative Committee. If, further, the United

States were to provide capital on a substantial scale for the development programmes of individual countries, an even more radical reconstitution of the Committee would be required. The question of organization was discussed both by officials and by Ministers, and what appears on this subject is paragraph 36 of Chapter X of the report registers a compromise. On the other hand, the United Kingdom authorities wished to have, either in the report itself or in the minutes of the Ministerial meetings, some indication of what type of organization would be preferred by participating governments in case (as they fully expected) the United States Administration asked questions on this subject. They were supported by the Indian delegation who wished to be provided before leaving London with some reason for bringing the question of permanent organisation before Ministers in New Delhi. They were anxious that their own government should recognise the necessity of accepting some form of United States supervision of whatever United States financial assistance might be made available. On the other hand, both these delegations realised the force of the arguments which we advanced underlining how injudicious it would be to create the impression in Washington that the Consultative Committee was attempting to take decisions which could only properly be made when it was clear whether or not United States financial assistance would be forthcoming. Originally it was agreed between officials that it would be sufficient if the minutes of the Ministerial meetings were to record that, in the view of the Chairman, there was a consensus of opinion that the arrangements for the provision of financial assistance should be on a bilateral basis, but that in addition there should be a combined organisation on which representatives of countries providing capital and of those receiving it should sit on a basis of equality to discuss economic development in South and South-East Asia as a matter of common interest. Unfortunately in summing up this consensus of opinion Mr. Gaitskell went rather further and suggested that the passage in the report on this subject should be expanded to include these conclusions. At a later meeting of Ministers we attempted to reverse this decision and to restore the original draft passage in the report. In this attempt we were not completely successful; but those phrases which in our view might have caused offence in Washington have been omitted.

15. Throughout the conference the United States Government were kept informed of the proceedings through Mr. Ben Moore of the United States Embassy in London, who had been appointed as the official Liaison Officer. When it was possible to show him a draft of the report, he and his colleagues in the United States Embassy in London suggested a number of minor changes in the presentation of the report (most of which have been incorporated in a subsequent version), but expressed themselves as being very well pleased with it. Perhaps more important were the comments which were made at a somewhat earlier stage by the United States Government in Washington on the draft synopsis which had been submitted to them by the United Kingdom Embassy there in accordance with agreement reached with other members of the Commonwealth Consultative Committee. Mr. Labouisse told Sir Leslie Rowan that the United States authorities would welcome a report along these lines and added that it would be useful to them in developing their ideas and plans for extending financial assistance to South and South-East Asia. Mr. Labouisse made three particular comments:

(a) He said that the report should not be cast in the form of a bill to be presented to the United States.

(b) Although in the view of the Administration whatever grants or loans might be made to the area should be untied, he said that he hoped the report would not insist on untied assistance as a condition of a satisfactory arrangement. On the other hand, the Administration would have no objection if the arguments of the report were to point clearly in that direction.

(c) Opinion in the Administration would be content if the case for financial assistance were based both on the need for economic development in the countries in the area, and on the importance of the area in attempts to restore a multilateral system of trade and payments; but they would prefer stress to be laid on the first argument rather than on the second.

All these points would seem to have been taken into account in drafting the attached report. Mr. Labouisse went on to suggest that, after the London meeting had been concluded, the report should not be communicated formally by the Commonwealth Consultative Committee to the United States government, but should merely be handed to the United States Liaison Officer in London. Within a few weeks Mr. Acheson would hope to make favourable mention of the report in public, and it might be published shortly after that.

16. On the question of what should be said in the report about the possibility of assistance from governments within the Commonwealth in providing external finance for the development programmes of countries in South and South-East Asia, there was also some difference of opinion. Mr. Gaitskell as the representative of the United Kingdom Government waivered somewhat. He thought that it would be an advantage if the report could show that Commonwealth governments were prepared to accept a substantial share of this responsibility. On the other hand, he himself pointed out that if the report were to indicate that Commonwealth governments were prepared to supply a specific percentage of the external finance which would be required, the gap to be filled by United States financing would have been made more precise; and it had universally been agreed that the report should not issue in a bill to be tendered to the United States. After waivering for some time between these two points of view he finally suggested that on balance it would be an advantage if the report were to contain some indication of what Commonwealth governments were prepared to do. One reason why he eventually took up this position was that the United Kingdom government had determined before the Ministerial meetings on the amount which they would be prepared to release from the sterling balances of Commonwealth countries in the area over the six-year period. He found little support, however. We made it perfectly clear that the Canadian Government was not yet in a position to take a decision on this matter. Fortunately, it turned out in the end that neither the Australian nor the New Zealand governments were any more prepared to say what financial assistance they might be able to extend. Nor was there much pressure from Commonwealth governments in Asia to hasten a decision, although at one point in the Ministerial meetings Mr. Ghulam Mohammed, the Finance Minister of Pakistan, said that financial assistance from

Canada would be very welcome. The upshot of the discussion was the insertion in the report of paragraph 32 of Chapter X, which reads as follows:

> "The Commonwealth Governments are considering to what extent the external finance requirements can be provided by their countries through the five channels. But the task of providing this financial support for the development of South and South-East Asia is manifestly not one which can be tackled by the Commonwealth alone. The need to raise the standard of living in South and South-East Asia is a problem of concern to every country in the world, not only as an end in itself, but also because the political stability of the area and its economic progress are of vital concern to the world."

It should also be noticed that, according to the final sentence of the Communiqué, "The extent to which, and the means by which Commonwealth countries outside the area can contribute towards the solution of the problem will now become the subject of consideration by their Governments."

17. Little was said during the conference on the subject of technical assistance. This subject had been covered in detail during the meetings at Sydney, and what remained to be done was of a comparatively routine nature. The recommendations of the Standing Committee which met in Colombo during July and August for the constitution of the Bureau for Technical Cooperation were considered briefly, and it was unanimously agreed to recommend the draft constitution to governments for their approval. After the conference had concluded, an informal meeting of officials was held to discuss the action which should be taken if governments approved the constitution and agreed to its establishment. The next step which will be required is the appointment of the director. There was general agreement that it would be useful if Commonwealth governments could consult between themselves through the usual channels during the next few weeks in order to put forward any suggestions which they have in mind, and to allow consideration to be given to their nominations, so that a director may be appointed with all possible despatch after the Bureau has been established and the directing Council has met in Colombo.

18. Finally, it might be useful to list the action which it is hoped participating governments will take as a result of this meeting of the Consultative Committee:

(a) To consider whether or not they can approve the draft report on economic development in South and South-East Asia. (It is hoped that the approval of all Governments may be secured by the first of November at the latest). Approval of the report would not entail "approval" of the individual country development programmes which are the responsibility of the governments concerned.

(b) To consider whether they can approve the draft constitution for the Bureau on Technical Cooperation, which is to be established at Colombo.

(c) To consider what financial assistance they may be able to provide towards the fulfilment of the programmes of economic development outlined in the report. It is hoped that at least some general indication can be given on this matter fairly soon after the publication of the report.

683. PCO

Extrait du procès-verbal de la réunion du Comité interministériel sur la politique du commerce extérieur

Extract from Minutes of Meeting of Interdepartmental Committee on External Trade Policy

SECRET [Ottawa], October 20, 1950

Present:

Mr. N.A. Robertson, Secretary to the Cabinet (Chairman),
Mr. W.C. Clark, Deputy Minister of Finance,
Mr. J.G. Taggart, Deputy Minister of Agriculture,
Mr. M.W. Mackenzie, Deputy Minister of Trade and Commerce,
Mr. Graham Towers, Governor of the Bank of Canada,
Mr. A.F.W. Plumptre, Department of External Affairs.
Mr. R.G. Robertson, Privy Council Office (Secretary).

Also Present:

Colonel Laval Fortier, Deputy Minister of Citizenship and Immigration,
Mr. J.J. Deutsch, Department of Finance,
Mr. J.R. Murray, Department of External Affairs,
Mr. L.C. Audette, Commissioner, Canadian Maritime Commission,
Mr. W.J. Fisher, Canadian Maritime Commission,
Mr. E.P. Weeks, Department of Trade and Commerce.

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IV. COMMONWEALTH CONSULTATIVE COMMITTEE ON SOUTH AND SOUTH-EAST ASIA; REPORT ON LONDON MEETING

23. *Mr. Deutsch* submitted a report on the meeting of the Commonwealth Consultative Committee in London. Copies of the report and of the document setting forth "The Colombo Plan for Cooperative Economic Development in South and South-East Asia" had been circulated.

(I.C.E.T.P. Document No. 83 and attachments†).

24. *The Chairman* suggested that, as the documents were lengthy and as there had not been adequate time for careful examination, it might be desirable to defer consideration until a subsequent meeting.

25. *Mr. Deutsch* mentioned that an enquiry had been received from the C.R.O. as to whether the Canadian Government would be able to give approval to the report in time to permit publication about November 10th. Possibly some consideration might be given to this enquiry.

Approval of the report for this purpose would not entail or imply approval of the individual development programmes. In substance it would mean that the government was of the view that the scheme in the report, in general, was desirable, that the proposals were feasible and that the plan was necessary for the economic health of the area. It would further mean that the government felt it would be possible for the plans to be carried out over a six year period with outside financial assistance to the amount of approximately £1 billion as proposed.

In arriving at the over-all programme, the method had been for each of the Commonwealth countries in the area of South and South-East Asia to prepare a plan of development for a six year period. The cost of each plan had been totalled up without regard to the source of materials and labour, whether internal or external. An assessment had then been made of the degree to which each country could finance such a programme itself, taking into account taxation and budgetary policy and other factors. This amount had been deducted from the total cost, and the residue was the amount that would have to be provided by external finance. Assuming that the various countries were otherwise in balance on their external account, this item also represented the estimated deficit in their balance of payments over the six year period. In actual fact, the £1 billion did not cover anything very greatly in excess of what was going on at the present time or was projected for the future in various development plans. It did not by any means represent a net addition of new projects. Thus far, the development operations were being financed in part by the drawing down of sterling balances, partly through assistance from the International Monetary Fund, and, in the residue, through resort to inflationary methods. In understanding the figures arrived at, the discrepancies between the amount of external finance required and the amount of goods and equipment for actual projects, it had to be understood that part of the outside finance would be to cover consumer goods. To a substantial extent, it would be a policy of importing consumer goods and using local labour to produce capital goods.

As to the basis on which external financial assistance might be forthcoming, a teletype from Washington (WA-2503 of October 12†) outlined a suggestion by the United Kingdom for a three-way split: the United Kingdom and colonies to contribute 1/3; the Commonwealth countries capable of making net contributions (Canada, Australia and New Zealand) plus the International Development Bank 1/3; the remaining 1/3 to be provided by the United States.

In discussions in London, a suggestion by the United Kingdom had been that the Commonwealth should put up about 45 to 50%, of which the United Kingdom might provide £330 million through the release of sterling balances, Australia £60 million and New Zealand £10 million. This made a total of £400 million leaving an apparent suggestion that the Canadian contribution might be around £100 million. Mr. Deutsch had told the U.K. representatives that any figure of this order was much too high and that the Canadian government would have very much in mind the level of U.S. contribution when it was assessing what Canada could do. It had to be recalled that the present programme did not include non-Commonwealth countries in South and South-East Asia. Their plans might raise the over-all total from £1 billion to about £1.4 or £1.5 billion.

26. *The Secretary* said that the matter had been briefly touched on at the last meeting of the Cabinet and that it had been indicated that the Canadian contribution to the programme for South and South-East Asia should be considered at the same time and in relation to the contribution to the programme for reconstruction and rehabilitation in Korea.

27. *The Governor of the Bank of Canada* said that, on the whole, the report appeared to be modest and it was difficult to see how any of the participants could

take a very discouraging line. The difficulties between India and Pakistan had been pretty lightly glossed over in the report, and it seemed probable that the United States might have something to say concerning them when the time came for an American contribution.

28. *The Committee*, after further discussion, agreed that the report on the meeting of the Commonwealth Consultative Committee, together with the report on the Colombo Plan for Cooperative Economic Development, be deferred for further consideration at the next meeting.

684. PCO

Extrait du procès-verbal de la réunion du Comité interministériel sur la politique du commerce extérieur

Extract from Minutes of Meeting of Interdepartmental Committee on External Trade Policy

SECRET [Ottawa], October 24, 1950

Present:
Mr. N.A. Robertson, Secretary to the Cabinet (Chairman),
Mr. A.D.P. Heeney, Under-Secretary of State for External Affairs,
Dr. W.C. Clark, Deputy Minister of Finance,
Mr. M.W. Mackenzie, Deputy Minister of Trade and Commerce,
Mr. Graham Towers, Governor of the Bank of Canada,
Mr. L.W. Pearsall, Department of Agriculture.
Mr. R.G. Robertson, Privy Council Office (Secretary).

Also Present:
Mr. J.J. Deutsch, Department of Finance,
Mr. J.R. Murray, Department of External Affairs.

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II. COLOMBO PLAN FOR COOPERATIVE ECONOMIC DEVELOPMENT IN SOUTH AND SOUTH-EAST ASIA

3. *The Chairman* read a draft memorandum† to the Cabinet concerning the plan for cooperative economic development in South and South-East Asia. The memorandum, after summarizing the essential elements of the report and of the programme which it contemplated, would recommend that the Cabinet: approve the report and agree to its publication early in November; agree to the constitution of the Council for Technical Cooperation; and defer decision on the provision of financial assistance by Canada until the relationship of the United States to the Colombo Plan had been thoroughly explored with officials of the U.S. government. Copies of the memorandum were circulated.

4. *The Deputy Minister of Finance* referred to the first paragraph of the Foreword to the document setting forth the "Colombo Plan" in which it was stated that "the report has now been approved" by the various Commonwealth governments. It would be very much preferable if some means could be found by which agreement could be given to publication of the report and indication made that it was accepted as a basis for consideration of policy in relation to the economic development of

the areas concerned without stating definitely that the report was "approved". There appeared to be two serious weaknesses in the report. The most important was the way the India-Pakistan trouble was glossed over in paragraph 11 on page 52. The suggestion in the paragraph was that the military expenditures arising out of the Kashmir dispute were not a serious drain on the countries concerned or a serious factor in relation to the development programme. In actual fact charges related to the trouble there were causing a drain which would, over six years, amount to approximately the same total as the development programme itself. Moreover, the paragraph gave the implication that the expenditures arose out of the usual obligations for defence which were common to the various participating countries. This was not at all the case. Altogether the paragraph was misleading and misrepresented the great importance of the quarrel between India and Pakistan in its effects on the prospects for economic improvement.

The second weakness in the report was the failure to give greater weight to the population problem. Its treatment on pages 9 and 10 very much minimized the difficulties and its relation to hopes for economic betterment.

5. *Mr. Deutsch* agreed that the defects were real. The broad character of the report had to be appreciated in order to understand the difficulties that had been encountered in efforts, which had been made by the Canadian and other delegations to have a more realistic presentation given, especially to the importance of the Kashmir trouble. In effect, the programme represented a reconciliation of views between the Asian and western parties. The Asian countries had started with a much grander conception. Under urging as to the difficulties of implementation they had gone a long way in modifying their programmes, particularly when the comparative modesty of the present plans was considered in relation to the political problems of the countries at home and to their ambitions. It had early become clear that any attempt to say more on the India-Pakistan problem would not succeed and that pressure would make any agreement at all quite difficult. So far as the population problem was concerned, the Asian countries recognized the situation. They said, however, that it was not a matter about which anything could be done in the next two or three years. They thought it was something about which action might be possible over an extended period in the context that would be created if the development programmes could be put into effect.

The Asian countries, having made what they thought to be quite extensive concessions in the programmes to the western countries' point of view, would expect some recognition that they had made a real contribution toward the ultimate plan. It had also to be recognized that the programme was, to a large extent, not an economic but a political exercise. Approval of it and participation by western countries would represent to the Asians willingness to participate in solving the problems of the area. There were political considerations of a high order involved and certain elements of weakness on the economic side had to be accepted.

6. *The Under-Secretary of State for External Affairs* pointed out that recent developments in the United Nations had widened rather than narrowed the gap between India and the western countries. In the circumstances it would be desirable not to raise points that would cause further difficulty if they could be avoided. It might be

feasible to modify the formula of approval to a statement that Canada "approves the general conclusions of the report as a basis for cooperative economic development in South and South-East Asia". There might be difficulty in securing modification in the Foreword itself without raising undue fears that Canada might not participate in the programme. If so, perhaps an adequate procedure might be simply to use the above language in communicating our approval to the U.K. government and in statements issued domestically. We could allow the present wording of the Foreword to stand with our actual language indicating the character of the "approval" we were extending.

7. *The Deputy Minister of Finance* thought that a formula such as the one suggested might be satisfactory with slight revision. Possibly the U.K. government could be asked what it thought of a proposal to modify the Foreword to state that "these governments have not expressed general agreement with the conclusions of the Report and have approved its publication". The word "recommendations" might be better than "conclusions".

8. *The Chairman* said that it would be desirable to include in the memorandum for the Cabinet a brief discussion of the possible order of magnitude of Canadian participation in the programme even though decision was to be deferred. In connection with this, the Department of External Affairs had prepared a summary of the wartime and postwar financial aid extended by Canada to foreign countries and a comparison of assistance by Canada and by the United States in relation to national income. Copies of the summary were circulated. The Cabinet would have much in mind the extent of U.S. participation. For fair and complete comparison it would be desirable to add a table on U.S. and Canadian defence expenditures.

9. *The Governor of the Bank of Canada* said that it appeared undesirable to attempt any decision as to the extent of Canadian participation until that of the United States was clear. Present proposals suggested something of the order of $150 million per year as the U.S. contribution. If this were divided by, say 18, to get a figure in approximately the same relation to Canadian national income the resultant amount was undoubtedly too small for the Canadian contribution. It had to be recognized that the United States was doing more in defence and also that U.S. assistance was being given under many programmes, such as E.R.P., in which Canada did not participate. It did not seem wise to split up the relatively modest contribution that Canada could make in too many directions and perhaps the Colombo Programme was one into which we should concentrate a fairly substantial share. In any event, as long as we did not participate in all the programmes the United States was in we could hardly apply the national income formula too rigidly to the ones we did decide to share. It might be that a reasonable Canadian participation would amount to something of the order of $20 million per year.

10. *The Deputy Minister of Trade and Commerce* said that, in discussions with the Minister of Trade and Commerce, Mr. Gaitskell had indicated that the United Kingdom were now thinking in terms of a rather smaller Canadian participation than they appeared to have had in mind in London. He spoke of a contribution of $25 to $35 million per year. So far as the provision of assistance was concerned it

had to be realized that limitations might be not entirely financial. If our contribution was to be in any way tied, supply considerations could be a limiting factor.

11. *The Committee*, after considerable discussion, agreed:

(a) that the memorandum to the Cabinet concerning the Colombo Plan for Economic Development in South and South-East Asia be revised in accordance with the discussion and submitted; and

(b) that the High Commissioner in London be informed of the considerations which it was felt made it desirable to modify paragraph 1 of the Foreword to the "Colombo Plan" and asked to acquaint the U.K. government with them with a request for their views on the desirability of proposing some amendment along the lines suggested.

685. PCO

Note pour le Cabinet

Memorandum to Cabinet

CABINET DOCUMENT NO. 243-50 [Ottawa], October 24, 1950

CONFIDENTIAL

THE COLOMBO PLAN FOR CO-OPERATIVE ECONOMIC DEVELOPMENT IN SOUTH AND SOUTH EAST ASIA

A draft report (short title, "The Colombo Plan") is now in the hands of the seven Governments which took part in the Meeting of the Commonwealth Consultative Committee in London last September. This report comprises a six-year plan for economic development of the Commonwealth countries of South and South East Asia (India, Pakistan, Ceylon, Malaya, Singapore, Borneo and Sarawak) and also refers to development needs in other countries in the area (Indonesia, Burma, Thailand and Indo-China).

The Colombo Plan is summarized in the attached report of the Canadian delegation to the London meeting.[17]

ACTION CALLED FOR

(a) *Approval of the Report*. The Report of the Colombo Plan (60 pages of text and 30 pages of tables and statistics) is submitted for approval by the Governments of Australia, Ceylon, India, New Zealand, Pakistan and the United Kingdom, in addition to that of Canada. If approved it will be published. The United States Government, whose cooperation is essential to the success of the programme, has agreed that the report should be published and has suggested a tentative date of November 10th. The United Kingdom is aiming to make November 13th the actual release date.

(b) *Approval of a Draft Constitution for the "Council of Technical Co-operation"*. The 29-paragraph Constitution drawn up at Colombo in July and

[17] Voir le document 682./See Document 682.

approved by the Delegations in London three weeks ago outlines the functions, organization and administration of the Council for Technical Co-operation. This Council, meeting in Colombo, will act through a Bureau to guide and supervise the £8 million technical assistance scheme over the three years. On June 12, 1950, Cabinet approved participation in this scheme in the amount of $400,000. This sum was subsequently voted by Parliament.

(c) *Policy on Financial Assistance*. On the assumption that the report is approved by all the governments concerned, the question of financial assistance from Canada will undoubtedly arise.

COMMENTS ON THE REPORT

The Interdepartmental Committee on External Trade Policy agrees with the view of the Canadian Delegation that the draft report is, considering all the circumstances, a good document. The six-year development programmes of each of the seven Commonwealth countries in the area appear to be "sensible, moderate and realistic in their general assumption".

The report contains a description of the economic development programmes which each of the Commonwealth Governments in the area hopes to accomplish over a six-year period beginning July 1951. Each country's programme calls in the first instance for the maximum use of each country's own financial resources. However, these internal financial resources are not adequate, and the report states that external aid amounting to a total of £1,085,000,000 over the six-year period will be required to carry out the programmes.

The two most important countries are India and Pakistan. Their programmes call for 88 per cent of the total. In these two countries there are 430 million people. The national income per capita is $66 (in the United States it is $1,570, Canada $1,000, United Kingdom $650). The gross national product of the two countries at $18 billion is only little more than that of Canada at $17 billion.

During and after the war, Canada and the United States made great economic progress. Since the war, in large part owing to the billions of dollars of help from North America (roughly two billion from Canada and twenty billion from the United States), Europe has made a spectacular economic recovery, nearly all of it achieved during the past two and a half years. During the same period, India and Pakistan achieved independence. But economically they have barely kept from going under. The amount of food produced now is the same as pre-war, yet the population has increased by 10 per cent.

The basic economic problems, which would have been difficult enough to deal with in any circumstances, have been further aggravated by political conditions and the continuing tension between India and Pakistan. Unfortunately, there seems to be no prospect of an early end to this tension. One of the serious, but what proved to be unavoidable weaknesses of the report is the way it glosses over this subject. Because "approval" of the report might be interpreted as acquiescence in the suggestion that expenditures related to the Kashmir dispute are not a serious factor in relation to the position of India and Pakistan an enquiry is being sent to London to see whether some wording other than "approval" could be used without raising undue fears about Canadian participation in the programme.

In Western Europe, with its much higher standard of living, many billions of dollars were required to overcome economic difficulties and gain political stability. It is the considered hope of those who took part in drawing up the Colombo Plan that external assistance only one-seventh as great as the European countries originally requested in 1947 will produce very useful results. In countries like India and Pakistan, however, rapid progress is impossible; indeed the countries themselves do not expect quick results. Whatever progress they make will be slow and painful. They are, however, setting their sights in the right direction. The Governments in this area have abandoned earlier grandiose notions of economic development and industrialization. Highest priority is to be given to agriculture and transportation. These are the immediate necessities in order to prevent a further decline in the basic conditions of life and to offer some prospect of a modest improvement in the levels of nutrition.

In approving the Report, the Canadian Government would not be giving approval to the individual development programmes of specific countries. These are the responsibility of the governments concerned. Approval and publication of the Report, however, will inevitably lead to the question of extending financial assistance and the government, along with other governments, will, therefore, wish to look carefully at those sections of the Report which deal with sources of external finance.

Five channels of external finance are referred to:

(1) use of the countries' own external assets, e.g., sterling balances. (This will be almost the entire source of aid from the United Kingdom);

(2) from private investors overseas to private enterprise in the area;

(3) from private investors overseas to Governments in the area;

(4) international institutions, i.e., the International Bank to Governments in the area;

(5) from Governments overseas to Governments in the area.

Paragraph 32 of the Report reads:

> "The Commonwealth Governments are considering to what extent the external finance requirements can be provided by their countries through the five channels. But the task of providing this financial support for the development of South and South East Asia is manifestly not one which can be tackled by the Commonwealth alone. The need to raise the standard of living in South and South East Asia is a problem of concern to every country in the world, not only as an end in itself, but also because the political stability of the area and its economic progress are of vital concern to the world".

United Kingdom representatives have indicated informally that they had in mind something like the following apportionment of the external financial assistance required:

	6 year period £ mm	%
United States and International Bank	500	50
United Kingdom	330)	
Australia	60)	50
New Zealand	10)	
Canada	100)	
	1,000	

On this basis Canada's share would be of the order of $50 mm a year. It has been intimated to United Kingdom officials that on the basis of the relevant considerations in Canada's case, this figure is high. It would appear however, that should the United States support the programme to the extent which seems probable the Canadian participation which would be considered appropriate could hardly be less than of the order of $20 mm a year.

Recommendations:

It is recommended that:

(1) Canada approve the Report and agree to its publication early in November. In giving this approval it should be specifically noted that it does not carry with it the approval of the individual programmes of the countries.

(2) Approval be given to the Constitution of the Council for Technical Co-operation and that the Canadian Trade Commissioner at Colombo be appointed the Canadian member of the Council.

(3) A decision on the policy concerning the provision of financial assistance by Canada be deferred until the relationship of the United States to the Colombo Plan has been thoroughly explored with officials of the United States Government. If, in discussions with the United States, our present preliminary information is confirmed and it becomes clear that the United States intends to give wholehearted support to this programme, it will then be appropriate for the Canadian Government to consider what part it intends to take in the programme.

686. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], October 25, 1950

. . .

ECONOMIC DEVELOPMENT IN SOUTH AND SOUTH-EAST ASIA; COLOMBO PLAN

43. *The Secretary of State for External Affairs* submitted a report concerning the Colombo Plan for Cooperative Economic Development in South and South-East Asia. The plan called for six-year development programmes for each of the seven Commonwealth countries in the area which were, on the whole, modest and realistic. They called for maximum use of the various countries' own financial resources but, as these were limited, there was left an estimated need for £1,085 million of

external finance over a six-year period. The programme was in recognition of the fact that economic development was at a very low level in the countries of South and South-East Asia and that to achieve even slow progress outside help would be needed. The Commonwealth Relations Office had asked whether we would be prepared to give approval to the report in order that publication might proceed. It was recommended that:

(a) Canada approve the report and agree to publication early in November, it being specifically noted that this did not carry with it approval of the individual programmes of the countries;

(b) Canada approve the constitution of the Council for Technical Cooperation and that the Canadian Trade Commissioner at Colombo be appointed Canadian member of the Council; and,

(c) final decision on the provision of financial assistance be deferred until the relationship of the United States to the Colombo Plan had been thoroughly explored.

An explanatory memorandum had been circulated.

(Minister's memorandum, Oct. 24, 1950 and attachment — Cab.Doc. 243-50)

44. *The Minister of Finance* said that one weakness in the report was the way it glossed over the serious drain on India and Pakistan resulting from the Kashmir dispute and the military expenditures related to it. While only approval for publication was specifically called for at the present, it had to be recognized that this would imply a moral commitment to financial contribution.

45. *The Prime Minister* said that it was important to know whether U.N. officials connected with technical assistance had examined the report and how they thought it would fit in with the U.N. programme. Before any definite decisions were taken, it would be desirable to have a further opportunity to examine the report in detail.

46. *The Cabinet*, after discussion, agreed:

(a) that approval of the report on the Colombo Plan for Economic Development in South and South-East Asia be deferred pending further consideration; and,

(b) that the Secretary of State for External Affairs ascertain the views of U.N. officials connected with technical assistance as to the relationship of the Colombo Plan to the U.N. programme.

. . .

687. DEA/11038-40

Note du chef de la Direction économique
pour le sous-secrétaire d'État suppléant aux Affaires extérieures

Memorandum from Head, Economic Division,
to Deputy Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], October 27, 1950

THE COLOMBO REPORT — APPROVAL AND PUBLICATION

I attach the two telegrams which I discussed with you this morning: our outgoing message No. 1643 of October 25th, in which we put forward a proposed change in the foreword of the Colombo Report, and London's reply, No. 2053 of October 26, in which a third possibility is put forward.[18]

2. You will find the present wording and our proposed change on the second page of our outgoing telegram. The proposal from London is on the front page of the incoming telegram.

3. Our outgoing telegram went as a result of a decision of the Interdepartmental Committee. I find that Mr. Heeney was present throughout the meeting and that, while the text of the telegram was cleared with Mr. Robertson, Mr. Heeney himself signed it.

4. Mr. Robertson has suggested that we should withhold circulation of the incoming telegram. I would be grateful for your instructions on this point. As you know, I am not very happy about Mr. Robertson's advice.

5. Mr. Robertson says that he believes the Prime Minister is going to read the Report over the weekend. As as further preparation for next week's Cabinet meeting Mr. Robertson has asked Deutsch to go over the ground with Mr. Mayhew (although I would have thought it rather embarrassing for Deutsch to do so). Mr. Robertson does not believe that anything can be done until next week's Cabinet meeting.

6. On the other hand the incoming telegram (paragraph 7) calls for an immediate reply. If we are going to pursue the line decided upon by the Interdepartmental Committee — if we are going to seek some change in the wording of the foreword — we must press on immediately. For this purpose it would be necessary to find out whether Dr. Clark and other members of the Committee would agree to the compromise wording proposed from London. An immediate gathering of the Interdepartmental Committee might be appropriate but, if Dr. Clark agreed to the compromise, there is little doubt in my mind that the others would do so too.

7. If the members of the Interdepartmental Committee were really serious in their desire to change the foreword the approach suggested in the previous paragraph would seem to be the right one. However, I gather that Mr. Robertson would really like to avoid any change in the wording of the foreword. Hence he proposed simply

[18] Note marginale:/Marginale note:
Mr. Plumptre, Thanks, E. R[eid].

to leave the matter over until Cabinet met next week. (Hence, I believe, his reluctance to distribute the incoming telegram immediately).

8. I would like guidance on the following points:

(a) Whether a reply should be sent today to London and, if so, what the general line of its contents should be;

(b) What I should say to Dr. Clark in the not unlikely event of his telephoning me and asking me whether we have yet had a reply from London.

A.F.W. P[LUMPTRE]

[PIÈCE JOINTE 1/ENCLOSURE 1]

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 1643 Ottawa, October 25, 1950

CONFIDENTIAL. IMMEDIATE.

Repeat Washington.

THE COLOMBO PLAN

1. The Interdepartmental Committee on External Trade Policy considered Tuesday afternoon the recommendations it could make to Cabinet regarding the Colombo Plan.

2. Serious misgivings were expressed about the propriety of the Canadian Government approving this Report in the blanket and unqualified phraseology used in the foreword to the Report. The sentence regarding approval in the foreword of the Report reads: "The Report has been approved by these Governments".

3. The view was stated that the sections on population page 9 para 2 and on the high defence expenditures page 52 para 11 either glossed over serious difficulties too easily or were directly misleading. In particular, strong disapproval was expressed over the way in which the high defence expenditures of Pakistan and India are made to appear (1) as a small portion of their national income when in fact they are a serious economic drain; and (2) as having some direct relation to international conditions rather than as being the result of the domestic quarrel over Kashmir.

4. The Committee explored possible ways to get around this difficulty without having to suggest action which might postpone the publication of the Report. It was agreed, however, that it would be greatly preferable to have new wording substituted for the sentence "The Report has now been approved by these Governments." The suggested substitute wording is: "These Governments have now expressed general agreement with the conclusions of the Report and have approved its publication."

5. I should be grateful if you would take up urgently with the officials in London the possibility of having this wording substituted in the place of that now contained in the Report.

6. Spender will probably be visiting Ottawa this week-end and we may take up with him at that time this suggested change. I should be grateful for your early comments on the United Kingdom's reaction.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2053 London, October 26, 1950

CONFIDENTIAL. IMMEDIATE.

Reference your telegram No. 1643, October 25th, Colombo Plan.

1. Your message was discussed today with Otto Clarke and Martin Flett of the Treasury who, at the official level, have main responsibility in the United Kingdom for clearing the report through its final stages. They saw serious difficulty, at this late date, in obtaining general acceptance for the revised wording which you propose, particularly in view of the fact that India and Ceylon have already approved the report, and Pakistan's approval is expected within the next couple of days. They suggested that substantial amendments to this critical sentence particularly the omission of the idea of *approval* of the report, would raise very considerable suspicion in the Commonwealth countries of South-East Asia and might cause difficulties which might jeopardize the prospects for the report and in any case would seriously delay its publication.

2. The United Kingdom would probably be prepared to accept the following wording: "These Governments have now expressed general approval of the report, and have agreed to its publication". You will note that this phrase omits reference to "the conclusions of the report". The feeling here is that the use of the word "conclusions" would be inadvisable in that it is not definite, and might be taken to refer only to the last five paragraphs which make up the peroration and are identified as the "conclusion".

3. We discussed with Clarke and Flett alternative methods of presenting the proposed change to other Commonwealth Governments, having regard to the fact that it would not now be possible to reopen the question of the treatment in the report of "population" and of "the defence expenditure of India and Pakistan". You may wish to consider relating the change in wording to (a) the fact that Governments have had insufficient time to consider every detailed phrase and figure in the report, and (b) that Governments in any case would not wish to be bound in this detail, but should confine their approval to the report in general.

4. On the question of procedure, there seemed to be two possibilities. On the one hand you might wish to instruct me to communicate formally to the United Kingdom Government the proposed wording indicated in paragraph 2 above, with the request that they agree to this change, and suggest that they seek the concurrence of the other Commonwealth governments on an urgent basis. In such a communication we might explain that the reasons for the change proposed by Canada were as in paragraph 3 of this message. On the other hand you might wish to send an intergovernmental message to all concerned. The advantage of the first alternative would be that the United Kingdom might be able, in informing other Commonwealth Governments of the proposed change, to say that they themselves would not see any objection to this alteration.

5. On the points of substance you raise about the report, Deutsch will recall the delicacy of the compromise reached over the wording with regard to Indian and Pakistan defence expenditure. While the gloss which has been given to these expenditures by relating them to national income may at first appear slightly misleading, I wonder if those two Governments (or the North Atlantic Treaty countries), would really wish the amounts being voted by them for defence to be greatly reduced if the Kashmir question were settled, bearing in mind the strategic position of the Indian sub-continent and its frontier with China and the USSR.

6. Concerning the section on population (paragraph 2 of page 9), I agree that the presentation of this vital problem may err on the side of optimism. I understood, however, that this paragraph was drafted in this way specifically to avoid giving the impression in the United States and other countries which might consider making some external finance available, that the problem was insoluble and that whatever assistance was extended would only be swallowed up by an increasing population, with no improvement in the standard of living or social conditions. Deutsch will recall that the suggestion made in this paragraph about the counter balancing effects which could be expected to flow from an advance in the standard of living of the peoples of the area, was inserted in the light of Mr. Mayhew's remarks.

7. In view of the shortage of time, I would appreciate hearing from you as soon as possible what further steps you intend to take, or wish me to take on this matter.

688. DEA/11038-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1669 Ottawa, October 28, 1950

CONFIDENTIAL. IMPORTANT.

Repeat Washington EX-2113; Candel New York No. 178.
Reference your telegram No. 2053 of October 26th. Colombo Plan.

1. Thank you for your very prompt reply to our telegram No. 1643 concerning the "approval" of the Report on the Colombo Plan. The Report will be considered again at the Cabinet meeting on Wednesday, November 1st. We greatly regret that, until Cabinet has finished its consideration of the Report, we are not likely to be in a position to suggest further steps which might be taken in London or in Washington in connection with the "approval" of the Report or arrangements for its publication.

2. With reference to paragraph 8 of CRO telegram No. 52 of October 19th,† would you inform the Commonwealth Relations Office that the earliest possible date on which a decision might be given is November 1st.

689. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], November 1, 1950

Present:

The Prime Minister (Mr. St-Laurent), in the Chair,
The Minister of Trade and Commerce (Mr. Howe),
The Minister of Public Works (Mr. Fournier),
The Minister of Transport (Mr. Chevrier),
The Minister of Finance (Mr. Abbott),
The Leader of the Government in the Senate (Senator Robertson),
The Minister of Labour (Mr. Gregg),
The Secretary of State (Mr. Bradley),
The Minister of Citizenship and Immigration (Mr. Harris).
The Secretary to the Cabinet (Mr. Robertson),
Mr. R.G. Robertson, Privy Council Office,
Mr. Paul Pelletier, Privy Council Office.

Also Present (for discussion recorded in paragraphs 10 and 11):
Mr. J.J. Deutsch, Department of Finance.

. . .

COOPERATIVE ECONOMIC DEVELOPMENT IN SOUTH AND SOUTH EAST ASIA; COLOMBO PLAN

6. *The Prime Minister*, referring to discussion at the meeting of October 25th, 1950, said that copies of the Colombo Plan, as drafted in London, had since been circulated. The immediate question was authorization of a statement that the Government of Canada "approved" the report in the terms set forth in the Foreword so that publication might take place by November 13th in accordance with present arrangements.

7. *The Minister of Finance* felt that, on the whole, the document was an able one but there were certain points to which he took exception. The reference to the India-Pakistan dispute over Kashmir was misleading. The dispute was absorbing about one-half of the central budgets of the two countries and the drain over six years would amount to as much as it was proposed to put in through the development programme. The report also glossed over the effect of a rapidly increasing

population in limiting the efficacy of the programme. It was not desirable to prevent publication of the report, but its implications were so broad that it did not seem possible at the present time to say that it was approved by the Government of Canada. It has to be recognized, through our participation so far, but particularly if approval were extended, that Canada would be morally committed to financial participation. There had been informal suggestions that Canadian contributions might amount to as much as $50 to $60 million per year. It had been made clear that any such expectations were unrealistic.

8. *Mr. St-Laurent* believed it open to question whether the Commonwealth was an appropriate association to undertake the organization and execution of a programme of the character outlined in the report. It was not yet entirely clear what the relation of the Technical Assistance Bureau would be to the development programme nor was it yet clear how the technical assistance programme would fit in with U.N. plans. It seemed difficult to do more at present than say that the report was still being considered by the Government of Canada but that there was no objection to its publication.

9. *The Minister of Citizenship and Immigration* thought it important not to do anything that might suggest indifference by Canada to the economic welfare of South and South East Asia. If approval could not be given to the report, there should at least be indication that the objectives were desirable and that Canada had an interest in them.

10. *Mr. Deutsch* explained that the Technical Assistance Bureau would be limited to administration of the technical assistance scheme and would not be concerned with the general development programme. How this would be handled had not been determined as yet. If the United States came in, the name and basis of the Commonwealth Consultative Committee would have to be altered but it might, perhaps, have a co-ordinating function. Actual arrangements for assistance would be on a bilateral basis between the giving and receiving countries. As to the propriety of having such a programme handled by Commonwealth countries, it was to be noted that it was not contemplated in the report that the programme could be carried through by the Commonwealth alone. It could only be implemented if the United States participated. So far as present "approval" was concerned, the political aspects of the matter were of some importance. The Asian countries considered that in reducing their programmes they had made a substantial concession to the western point of view. They looked to the western countries for some expression of interest in the welfare of their countries through willingness to approve a programme on these limited lines. It was to be noted that the report did not contain any suggestions for a distribution of the financial burden.

11. *The Cabinet*, after considerable discussion, agreed that the High Commissioner in London be directed to inform the U.K. authorities that;

(a) the Canadian Government had not completed consideration of the report on the Colombo Plan for Cooperative Economic Development in South and South-East Asia and, therefore, was not in a position to express approval at the present time but that there was no objection to publication; and

(b) with regard to the Foreword of the report, the Government was of the opinion that the best solution would be deletion of the final sentence in paragraph 1 or, alternatively, substitution of a statement that the governments concerned "have now authorized publication of the report"; as far as Canada was concerned there would be no objection to keeping the present language of the Foreword in respect of governments that had given approval provided there was specific reference to the fact that the Canadian Government had not completed consideration of the report and had only authorized its publication.

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690. PCO/Vol. 196

Le ministre des Pêcheries
au premier ministre

Minister of Fisheries
to Prime Minister

November 2, 1950

Dear Mr. Prime Minister,

I feel rather guilty about being away at this particular time when you are giving some thought to the Report of the Commonwealth Consultative Committee. I hope to be back in Ottawa for the meeting of the Cabinet on November 8th when the Report is slated to come up for discussion. My presence or absence is of course not important; at the same time I feel that I should be there as I represented the Government at the meetings of the Committee in Sydney and London. In the meantime, perhaps I can discharge part of my responsibility by letting you have my views about the Report and specifically about one particular section which may give rise to considerable discussion.

It is stated in the Report that the chief aim of the program in aid to south and south-east Asia is to raise the standard of living of people in that part of the world. There is another aim which, though not stated, is implied throughout the Report. This is the preservation of peace. Both are actually the same because without a high a standard of living there can be little hope of lasting peace or security. I think it should also be emphasized that this may be our last chance of preventing conflict and aggression in Asia. For that reason it is vitally important for Canada to assume its full responsibility and its share of the cost of the program.

The section of the Report which will give most concern is that which deals with the large amount of money presently being spent by India and Pakistan on defence. At the meeting of the Committee in London this question was discussed informally among certain of the delegates but it did not come up for full consideration at any of the plenary sessions. True, it was mentioned on one occasion by Mr. Spender against the advice of other delegates, but he quickly withdrew the matter from the agenda when he realized that the Conference itself would be endangered by any

further discussion. I believe the meetings would have come to a complete and disastrous end had he pursued the matter.

It was the opinion of most delegates, an opinion which I shared, that the expenditure on arms by India and Pakistan was a matter of purely domestic concern. Criticism or advice would only be interpreted by Mr. Nehru and Mr. Liaquat Ali Khan as unwarranted interference. It can rightly be pointed out that the governments of these two countries are in a better position than is any other government to judge what measures are best for their own people.

I believe that it would be a grave mistake for Canada to decide against taking its share in the program on the grounds that India and Pakistan are devoting a large portion of their budgets to armaments. I think that Canada should take a lead in giving assurances to these countries that they will be left free to decide their own differences between themselves. After talking with several of their leaders, I am more than ever convinced that the Kashmir problem can be solved by peaceful negotiation. I am equally convinced that a settlement cannot be reached by a United Nations commission or by any other outside agency. The solution lies in the hands of Mr. Nehru and Mr. Ali Khan and we should let them know that we have confidence in their vision and ability to reach agreement on peaceful terms.

The argument may be advanced that in taking part in a program involving the expenditure of large amounts of money to south and south-east Asia we are giving little regard to the security of our investment. In answer to this argument, a comparison might be made of our past and present commitments to Europe. During two costly wars we have sent many thousands of Canadians to the Continent; some of them are there still, headstones marking their place. Since the last war we have spent many millions of dollars in an attempt to rehabilitate Europe and to bring about peace and security in that troubled part of the world. Even now we are contemplating spending some 390 million dollars in a further effort to achieve lasting peace. We have lost our investment on two occasions and we have no real assurance at the present time that we are not going to lose it again. At the same time we do not count the cost nor consider the risk as unjustified.

In comparison, the program of assistance to south and south-east Asia is a great deal less in cost and the risk involved is not anywhere so great as that present in the European program. At the same time the aim to be achieved is equally important to the peace of the world. I think that the two programs balance each other and that we should view the problems and the dangers in Asia with the same foresight and generosity as we do those of Europe. If we make sure of our friends in south and south-east Asia we will lessen the risk everywhere and strengthen the North Atlantic Pact.

Further in connection with Kashmir, I think it is well to point out that when India and Pakistan achieved their independence they accepted the responsibility of solving their racial and religious differences and of working out agreements about their boundaries. Most of these problems have now been settled. It is true that a good deal of strife and unhappiness occurred before a settlement was reached. At the same time they did work out agreements on most major problems and both countries are now well on the way towards full and peaceful nationhood. The only

difference remaining between them is that of Kashmir. As I said before, I am confident that this problem can be settled on an amicable basis, providing there is no interference from outside. We can give concrete evidence of our confidence in Mr. Nehru and Mr. Ali Khan by endorsing and taking part in the program of assistance to south and south-east Asia.

There is one other important point worth consideration. It is true that both India and Pakistan are heavily armed. Many people seem to take it for granted that they are armed for a future war against each other and that this situation constitutes a serious threat to peace in Asia. I personally do not believe that the leaders of either country will ever allow such a conflict to break out. Actually, the presence of a large body of well-disciplined troops complete with weapons and equipment constitutes the strongest safeguard against aggression by another power in the whole of south and south-east Asia. At some future time we may be grateful for the friendship of India and Pakistan, a friendship which they can bolster and maintain by force of arms in the preservation of peace.

For all the reasons, which I have but poorly expressed, I would counsel against any decision in respect to the program of aid to south and south-east Asia which is based on fear or concern regarding the defence measures of India and Pakistan.

Yours very truly,

R[OBERT] W. MAYHEW

691. DEA/50095-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to the General Assembly of the United Nations, to Secretary of State for External Affairs

TELEGRAM 291 New York, November 2, 1950

TOP SECRET. MOST IMMEDIATE.

Following for Reid from the Minister, Begins: Your telegram No. 193 of the 1st November:† Colombo Plan.

2. I am very worried about what the effect will be in New Delhi, Karachi and Colombo when they hear, as they will inevitably, of the contents of the telegram which it is proposed to send to our High Commissioner in London about the Colombo report. This whole initiative, of which the Colombo report forms a very important part, has always appealed strongly to me as one of the comparatively few effective steps we could take to strengthen the ties between Asia and the West. We have had occasion in the past few months to see more clearly than ever before how important those ties are to us; any action now which would seem to imply any decrease in interest on our part would be highly unfortunate.

3. I appreciate that the Colombo report is not perfect. But taking all the circumstances into account, I think the surprising thing is that it is such a solid, sensible and moderate document. The objections which have been raised to the passages

about the defence expenditures of India and Pakistan, and about the effect of population increases are certainly valid. But these defects are comparatively minor, I would maintain, and are to be regarded as not much more than spots on the sun. In a matter of this importance, I think it would be a great mistake to allow the better to become the enemy of the good.

4. There may be some misgivings over the fact that this is a Commonwealth initiative. My own feeling is that these misgivings are unfounded in this case, as the report specifically envisages that the initiative should be broadened as quickly as possible in order to include non-Commonwealth countries in South and Southeast Asia, and also the United States. In this way, it would lose its Commonwealth character. For this reason I do not think we have to fear that this marks the inception of Commonwealth machinery for economic cooperation. It is, rather, an essential step in a concerted attack on the problem of poverty and low productivity in South and Southeast Asia, which must be of great concern to all non-Communist countries. Nor is the process of expanding the initiative to include non-Commonwealth countries something reserved for the future. It has already begun. You will have noticed that the Commonwealth Consultative Committee, at its meetings in London, altered the title of the Commonwealth scheme for technical assistance to omit the word "Commonwealth". The United Kingdom has been as anxious as any other country to enlist the support of the United States and all non-Commonwealth countries in the area so that there need be no suspicion, I think, that they are attempting in this way to revive outdated schemes for Commonwealth centralization.

5. I had very much hoped that it would be possible for the Cabinet at its meeting yesterday to approve the report in principle and, at the same time, to leave for further consideration the question of a possible Canadian contribution. If there is no possibility of reversing the decision, I would like our telegram to London to be drafted in such a way as to cause a minimum of uneasiness in Asian capitals. My own feeling is that, if it is impossible for us to approve the report at this time, it would be best to work for the agreement of all members of the Consultative Committee to a statement in the foreword that, "these Governments have now authorized publication of the report". A statement of approval from which Canada had to contract out would have a very damaging effect, in my opinion.

6. However, I would still hope that it might be possible for Cabinet to reconsider its decision in this matter and to agree to approve the report in principle. I should be grateful if before despatching a message to London you would show this teletype to the Prime Minister. Ends.

692. DEA/50095-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 1703 Ottawa, November 2, 1950

TOP SECRET. IMMEDIATE.

Reference my telegram No. 1669, October 28, Colombo Plan.

1. The Cabinet on November 1st discussed the question of "approval" of the report on the Colombo Plan and decided that they can not authorize it to be stated at this stage that the Government of Canada has approved it. The government feel that they have not had sufficient time to consider adequately all the implications of the report. They feel, moreover, that the implementation of the programme as is made clear in paragraph 32 on page 56 is dependent on the cooperation of other countries, particularly the United States. Accordingly, they feel that it is not feasible to say that the report is approved until it is clear what attitude will be taken by such other countries, particularly the United States. They feel that it might be particularly damaging if approval were extended at this time and if at a subsequent date implementation became impossible due to the failure of U.S. participation.

2. The government also consider that the situation would not be appreciably better if the words as proposed by the United Kingdom as set forth in paragraph 2 of your telegram No. 2053 of October 26 were used.

3. In view of the decision of the government, will you please inform the U.K. authorities that the Government of Canada has not completed its consideration of the report and is, therefore, not in a position to express approval at this time but that it has no objection to publication. In doing so, you might make it clear that the government is not in any sense expressing disapproval of the report. As to the treatment of paragraph 1 of the Foreword, the government is of the opinion that the best solution would be simply to delete the final sentence. An alternative possibility might be to substitute for it a statement that "these governments have now authorized publication of the report". Anything which went beyond that would not be in conformity with the only decision so far made by our government.

693. PCO

Note du secrétaire du Cabinet pour le Cabinet

Memorandum from Secretary to Cabinet to Cabinet

CABINET DOCUMENT NO. 252-50 [Ottawa], November 7, 1950

SECRET

COUNCIL FOR TECHNICAL COOPERATION IN SOUTH AND SOUTH-EAST ASIA; CONSTITUTION AND CANADIAN REPRESENTATION

1. At the Sydney Conference of last summer, it was agreed to establish an organization through which technical assistance would be made available to the countries of South and South-East Asia for a 3-year period beginning July 1, 1950 to a maximum amount of £8 million. On June 12th, the Cabinet agreed to a Canadian contribution to the programme of $400,000 for the 12 months beginning July 1, 1950.

2. The technical assistance plan, as set up at Sydney, was on a provisional basis. A constitution for a Council to administer it was later drawn up during the recent London meetings. It is set forth as Appendix 7 to the report on "The Colombo Plan for Cooperative Economic Development in South and South-East Asia'. The first meeting of the Council will take place shortly and the various governments have been asked to consider whether they can approve the draft constitution.

3. The technical assistance plan is really distinct from the general programme for economic development in South and South-East Asia, although related to it. The constitution states that "The purpose of the Council for Technical Cooperation is to assist in the economic development of South and South-East Asia by the provision of technical assistance". The Council is to organize the provision of training personnel from countries that have them available, of expert instructors and advisory missions and of equipment required for training or use by technical experts in the Asian countries. It is to have its headquarters at Colombo and to consist of one representative of each cooperating government. To assist it, a Bureau will be established, consisting of a director and a small staff. The director is charged to establish liaison with the United Nations and with specialized agencies providing technical assistance. As to the actual provision of assistance, the Constitution provides:

> "Technical assistance provided under the Scheme will be arranged on a bilateral basis by agreement between cooperating Governments, and the terms and conditions upon which assistance is provided will, in every case, be solely a matter for the Governments concerned. Bilateral arrangements do not exclude joint schemes where more than two cooperating countries are involved".

4. As the first meeting of the Council will take place very soon, the Department of External Affairs have recommended in their document No. 243-50 (already circulated):

(a) that the government approve the constitution of the Council;[19] and,

(b) that the Canadian Trade Commissioner at Colombo[20] be appointed the Canadian member.[21]

N.A. ROBERTSON

694. DEA/11038-40

Le secrétaire d'État des Relations du Commonwealth du Royaume-Uni au secrétaire d'État aux Affaires extérieures

Secretary of State for Commonwealth Relations of United Kingdom to Secretary of State for External Affairs

TELEGRAM 58 London, November 10, 1950

SECRET. IMMEDIATE.

Your telegram No. 23, Colombo Plan.†
Following is text of telegram referred to in New Delhi's telegram No. 95† to us, Begins: We have received message in following terms from Canadian High Commissioner in London, Begins:

I have been asked to let you know that the Cabinet has not yet completed its consideration of these questions, and that the Government of Canada is, therefore, not now in a position to approve the report. I should make it clear that the Government has in no way expressed any disapproval of the report, but believes that, in the light of all the circumstances, it would be premature to accept it at this time.

While unable to approve the report at present, the Government of Canada sees no objection to its publication. However, for the reasons set out above, it would not be possible to agree to the inclusion of the sentence in parenthesis in paragraph 1 of the foreword. My Government considers that the best solution would be to delete this sentence, or alternatively, to substitute the wording: "These Governments have now authorized publication of the report." Ends.

2. United Kingdom Government have considered Canadian proposal and, in all circumstances, feel that best course would be to adopt the first Canadian suggestion, namely deletion of the sentence in brackets in paragraph one of the foreword.

3. I should be grateful if you could let me know at earliest possible moment whether this proposal is acceptable to Governments of Australia, New Zealand, India, Pakistan, Ceylon.

4. Following on Australian Government's telegram No. 226† to us, we have been in touch with United States authorities to see whether postponement of publication until after 21st November would present serious difficulties for them. In light of

[19] Voir/See *Documents and Speeches on British Commonwealth Affairs 1931-1952, Volume II*, pp. 1055-1060.

[20] Paul Sykes

[21] Les deux recommandations ont été approuvées par le Cabinet le 8 novembre 1950.
Both recommendations were approved by Cabinet, November 8, 1950.

their reply we are now considering whether we should propose publication about 22nd (repeat 22nd) November which we think may also be more convenient for other Commonwealth Governments. We shall be telegraphing on this point tomorrow, but should be grateful for an immediate reply on paragraph three above so that instructions may be given to printers. Ends.

2. Telegram in question was addressed to Australian, New Zealand, India, Pakistan, and Ceylon Governments.

3. Australia, India, and Ceylon have agreed to proposal to delete sentence in parenthesis in paragraph one of foreword. New Zealand preferred your second alternative (New Zealand telegram No. 34† to you) while Pakistan has not yet replied. We are in touch with New Zealand authorities and hope they will fall in with consensus of opinion in favour of first alternative.

4. We will let you know as soon as possible which amendment to paragraph 1 of the foreword is finally decided upon.

695. DEA/11038-40

Le secrétaire principal du haut-commissariat du Royaume-Uni à la Direction économique

Senior Secretary, High Commission of United Kingdom, to Economic Division

CONFIDENTIAL Ottawa, November 15, 1950

Dear Mr. [J.R.] Murray,

COLOMBO PLAN

This is in confirmation of what I told you over the telephone earlier today. We have been informed from London that all the Governments concerned have, subject to certain minor corrections, now approved publication of the text of the Consultative Committee Report. At the request of the Canadian Government the reference in the last sentence of paragraph 1 of the foreword relating to the question of the approval of the Report has been deleted.

It now seems almost certain that the Report will be laid before Parliament in London on Tuesday, 21st November, at 2 p.m. Its sale price will be about 3/-.[22]

Yours sincerely,

[G.W.] ST. J. CHADWICK

[22] *The Colombo Plan for Cooperative Economic Development in South and South-East Asia*, London: HMSO (Cmd. 8080), 1950.

696. DEA/11038-40

Le secrétaire d'État aux Affaires extérieures au premier ministre

Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL Ottawa, December 27, 1950

My dear Prime Minister:

It is now four weeks since the Report of the Colombo Plan was published and seven weeks since it was considered by Cabinet. In the interval, two new and important factors have become clear; each lends urgency to the need for a decision by the Government on whether Canadian support is to be given to the plan.

First, the United States Government has now made known to us its attitude to the Colombo Plan. The United States reaction has been friendly and constructive. In a note delivered to the Department (copy attached†) the United States in effect said it will support the aims of the Plan and that, if the other governments are agreeable, it would like to be associated with the Consultative Committee, although without at present any financial commitment. On the basis of this note, the United Kingdom has suggested a meeting of the Consultative Committee toward the end of January. New Zealand and Australia have accepted this suggestion and welcomed the participation of the United States. I think we should do likewise.

Secondly, Canadian public opinion, as reflected by the editorials in the French and English Press across Canada, has shown a remarkably enthusiastic response to the Plan and to the possibility that Canada will be able to contribute substantially to its success. (A summary of the Press comment is also attached†).

Since the publication of the Colombo Plan, two Commonwealth countries have stated publicly the form their contribution to the Plan would take. The United Kingdom have announced that they will contribute at least £300 million over the six-year period and that this will mostly consist of releases of sterling balances. It can no doubt be said that the United Kingdom is merely repaying a debt rather than making a new outright gift. But it is also true that in repaying this war-incurred debt — a debt which many thought the United Kingdom should not attempt to repay in full and many more thought they would not be physically able to repay — the United Kingdom will in fact be making a very real contribution to the economic welfare of India and Pakistan at a considerable economic cost to themselves. By 1957 the sterling balances will be down to a working reserve level. One of the major economic burdens overhanging the United Kingdom will have been removed far sooner than anyone would have thought possible a year or two ago.

Australia is the other country which has said what its financial contribution will be. Mr. Spender announced in the House of Representatives that Australia would contribute "no less than 25 million pounds *sterling*" (75 million dollars) during the six year period. The first-year contribution, however, is to be 7 million pounds sterling (21 million dollars).

As far as Canada is concerned a desirable timetable and questions to be decided would be:

Decision in principle to participate to be taken by Cabinet on December 27;

Decision on the actual amount and form of the Canadian contribution to be deferred to January 15. (A suggested amount to be requested would be 25 million dollars annually for six years, but commitment for first year only to be firm);

Agreement now to take part along with the United States in the next meeting of the Consultative Committee late in January.

Some of the more important reasons why we should approve the Colombo Plan were set out in the memorandum to Cabinet of October 24 (copy attached). In this letter, you should not wish me to go over the merits of the Plan itself — ground which I think has already been well covered. I would, however, like to mention one or two of the general political considerations involved.

The importance of the free countries of Asia to the fabric of world peace in increasing at a pace which is hard to realize. The issue is not merely how to prevent the spread of communism to these countries. In our own interest our concern with their welfare should, I think, be more positive than that. The role the free Asian countries can play in building a peaceful Asia is impossible to measure. But it is clear that they will be in a better position to play such a role effectively, the stronger their economy and political institutions are. The Colombo Plan offers hope to the free Asians — and hope to us — that their economies and therefore their free institutions will be strengthened.

The question is who will provide support for the Plan and why should Canada consider doing so? The bulk of the support must come from the United States, and I think we can now be reasonably certain that it will be forthcoming. There are, however, real difficulties in the way of a direct and exclusive Indian-American relationship. The Indians may be, at times, far too sensitive; the Americans may have been unnecessarily awkward in their approaches to India. Anything which can be done to improve this situation will be a blessing.

It does not seem to me that here is one situation where the countries of the Commonwealth can play an important part in bridging the gap between the poverty and therefore the neutrality and indifference of free Asia and the wealth and therefore, at times, the "interventionist" and impatient tactics of the United States.

I would like to see our decision approached on this basis. And I would very much hope that by the time you meet with your fellow Prime Ministers in London in January, the Government will have decided to contribute to the Colombo Plan (although the amount need not necessarily be settled in advance) and to send a Canadian delegation to the meeting of the Consultative Committee next month.

Yours sincerely

L.B. PEARSON

697. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], December 29, 1950

. . .

COLOMBO PLAN, CANADIAN AND U.S. PARTICIPATION

16. *The Secretary of State for External Affairs*, referring to discussion at the meeting of November 1st, 1950 said that certain further decisions in principle were necessary on Canadian participation in the Colombo Plan for co-operative economic development in South and South-East Asia. U.S. authorities had indicated that they would be prepared to attend the next meeting of the Consultative Committee which the United Kingdom had proposed be held about the end of January. The United Kingdom had asked whether Canada would approve extension of an invitation to the United States and would be represented at the meeting. If Canada were represented, it would commit the government further to participation and would involve decision in principle that Canada be associated with the work under the plan. Decision on the form and amount of Canadian contribution could be left over for later consideration. The United Kingdom had announced that it would contribute at least £300 million over six years and Australia that it would contribute not less than £25 million (Sterling), including a contribution of £7 million in the first year.

(Departmental memorandum, Dec. 1950† and attached letter, Secretary of State for External Affairs to the Prime Minister, Dec. 27, 1950).

17. *The Minister of Finance* thought Canada was, in fact, committed in principle to participation already by association thus far with the plan. The amount of contribution would have to be left over for subsequent determination. In the light of other demands and inflationary pressures it would be desirable to keep it as modest as possible.

18. *The Minister of National Defence* said the defence aspect of the Economic Development Plan was real and considerable. An important immediate effect of the plan would be strengthening morale in South and South-East Asia.

19. *The Prime Minister* felt it was important that there should be evidence of sympathetic attitude on the part of western countries toward the problems of the countries of South and South-East Asia. So far as the plan itself was concerned, it was clear that, unless the United States participated in a substantial manner, the objectives could not be achieved. It was accordingly important to know what the United States could be expected to do before definite decisions were taken on the Canadian contribution.

20. *The Cabinet*, after further discussion, agreed that:

(a) the U.K. authorities be informed that the Canadian government would welcome the extension of an invitation to the United States to attend the next meeting of the Consultative Committee on the Colombo Plan for Cooperative Economic

Development in South and South-East Asia and that Canada would be represented at the meeting; and,

(b) decision be deferred as to the form and amount of Canadian contribution.

. . .

3e PARTIE/PART 3

POURPARLERS DU COMMONWEALTH SUR LES QUESTIONS GÉNÉRALES ÉCONOMIQUES ET FINANCIÈRES, LONDRES, DU 18 AU 22 SEPTEMBRE 1950
COMMONWEALTH DISCUSSIONS ON GENERAL ECONOMIC AND FINANCIAL QUESTIONS, LONDON, SEPTEMBER 18-22, 1950

698. DEA/11172-40

Le haut-commissaire par intérim du Royaume-Uni au sous-secrétaire d'État aux Affaires extérieures[23]

Acting High Commissioner of United Kingdom to Under-Secretary of State for External Affairs[23]

SECRET Ottawa, August, 14, 1950

Dear Mr. Heeney,

LONDON MEETINGS, SEPTEMBER-OCTOBER, 1950

You will remember that I left with you on 21st July a Memorandum† on suggested meetings in London this fall, in paragraph 6 of which the proposal was made that there might be a meeting of Commonwealth Ministers concerned with economic and trade questions, in London, at some convenient date between the Paris meetings of the International Monetary Fund and the International Bank for Reconstruction and Development and the London meeting of the Commonwealth Consultative Committee on South-East Asia.

2. It is expected that the Paris meetings will end on 16th September and, as you know, it has been suggested that the Consultative Committee should meet in London on 25th September. The week beginning 18th September would accordingly provide the opportunity for discussions between Commonwealth Ministers on economic and trade questions. In case it would assist the Canadian Government, I have been asked to inform you of the sort of subjects which the United Kingdom Government envisage might be covered in any such general talks. These are as follows:

(1) Consideration of longer-term relationships between dollar area and sterling area including the discussion of a forward policy on imports from the dollar area

[23] Note marginale:/Marginal note:
Left with me by Mr. Shannon, 4.00 pm, Aug[ust] 14. I have sent the carbon copy to the Minister. E. R[eid] Aug. 14/50.

and of the implications of any possible approach towards general non-discrimination and convertibility.

(2) The major economic implications for the Commonwealth and the sterling area of developments in international situation and in particular of programmes of re-armament.

(3) General trade questions as follows:

(a) Progress report on Commonwealth co-operation in the trade field, with special reference to dollar saving, and on plans for increasing availabilities of goods in short supply.

(b) International trade policy with relation to the Havana Charter, (G.A.T.T.), and the position of Japan.

(c) Account of trade developments in certain European integration schemes.

(d) Commercial treaty policy, with special reference to United States proposals.

In passing these suggestions to you, I have been asked to enquire whether an Agenda on these lines would commend itself to the Canadian Government. The United Kingdom Government, for their part, would welcome any suggestions as to further subjects which might be considered at the same time.

3. In the Memorandum of 21st July, it was suggested that perhaps two days might be allowed for the suggested discussion of general economic and trade questions. On further consideration it is thought that, if the Agenda tentatively suggested above were adopted, the discussions might occupy perhaps three or four days, but this is a point on which the views of the Canadian Government would also be welcomed.

4. Other Commonwealth Governments are similarly being consulted and an invitation to be represented is also being sent to the Government of Southern Rhodesia.[24]

Yours sincerely,

G.B. SHANNON

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[24] Note marginale:/Marginal note:
Spoke to Mr. Reid. Agreed that this and other related documents should be circulated to Interdepartmental Committee on E[xternal] T[rade] P[olicy] for consideration at an early meeting. A.F.W. P[lumptre].

699. DEA/11172-40

Note du chef de la Direction économique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Economic Division, to Under-Secretary of State for External Affairs

SECRET [Ottawa], August 16, 1950

PROPOSAL FOR GENERAL ECONOMIC DISCUSSIONS IN LONDON IN SEPTEMBER BEFORE COMMONWEALTH CONSULTATIVE COMMITTEE MEETING

You asked me to communicate to Mr. Shannon the reaction in Cabinet yesterday to his letter of August 14th on this subject. He called on me this afternoon.

2. I explained that since his letter had only been received 48 hours ago there had been no time for detailed interdepartmental consideration by officials. However, our Minister had taken it into Cabinet yesterday where there had been a strong reaction by the Prime Minister and other Ministers including our own. This reaction took three lines:

(a) The subjects proposed for Ministerial consideration were extraordinarily broad and diverse. Satisfactory discussion of all these subjects would not only take a great deal of time in London, but would also need a great deal of detailed preparation beforehand. There did not seem to be time for such preparation before the proposed meeting.

(b) While the topics listed were by no means unimportant there were other far more urgent matters to be dealt with in the present time, especially those arising out of the war in Korea.

(c) The possibility that a Minister from Canada should attend had to be viewed in the light of the foregoing considerations. The Canadian Parliament would be meeting soon (like the United Kingdom Parliament and for similar reasons). In addition there were meetings of the United Nations Assembly and also of the Foreign Ministers. In the light of all these demands on their time it would not be possible for a Canadian Minister to attend the proposed economic discussions in London. The Minister of Finance had already cancelled attendance in Paris at the meetings of the Bank and Fund. If it was decided to proceed with the proposed economic discussions it might be possible to arrange for some senior Canadian official to be present but Ministerial attendance would be impossible.

3. I added that further consideration would be given to Mr. Shannon's letter at an Interdepartmental Committee meeting which would probably take place later this week. After that we would be able to give him further views both on his letter of August 14th and also on the timetable for the Commonwealth Consultative Committee meetings which he had given us under cover of his letter of July 21st. Meanwhile it seemed desirable that the United Kingdom authorities should know of the reaction of Ministers to the proposals contained in his letter of August 14th.

4. Mr. Shannon said that the United Kingdom Government had been hoping for Ministerial attendance at the Commonwealth Consultative Committee meetings. I

said that, according to my understanding, yesterday's discussion in Cabinet had not closed the door to such attendance. It had been focused on the broad economic discussions that had been proposed in the week before the Commonwealth Consultative Committee meeting. I believed that it was the view of the Department of External Affairs at least that there should be Ministerial representation at the Commonwealth Consultative Committee because the work of that Committee was assuming increased importance because of the Korean war and resulting pressures of opinion in South and South-East Asia. Mr. Shannon then asked whether I could give any indication what Canadian official might attend the economic meetings, assuming that these took place. I said that the name of Mr. Towers had been mentioned in Cabinet discussion because Mr. Towers, in the absence of Mr. Abbott, would be the senior Canadian representative at the Paris meetings of the Bank and Fund. However, I warned that this could not be taken as a firm indication; the question had not even been raised with Mr. Towers himself.

5. Mr. Shannon indicated that he himself had been rather surprised by the breadth of the topics put forward for the economic discussions. I asked whether he had any suggestion to make as to their origin. He said that such discussions might be justified on the basis that the United Kingdom was now in a good deal firmer financial position than it was last year, that Marshall Aid was tapering off, and in the light of the new situation raised by the Korean war. I pointed out that the implications of the Korean war, which was the source of the present general emergency, were only referred to quite incidentally in the list of topics.

6. Mr. Shannon said he would transmit to the United Kingdom authorities the views that had been expressed in Cabinet.

A.F.W. P[LUMPTRE]

700. PCO

Extrait du procès-verbal de la réunion du Comité interministériel sur la politique du commerce extérieur

Extract from Minutes of Meeting of Interdepartmental Committee on External Trade Policy

SECRET [Ottawa], September 5, 1950

Present:
Mr. N.A. Robertson, Secretary to the Cabinet (Chairman),
Mr. J.G. Taggart, Deputy Minister of Agriculture,
Mr. D. Sim, Deputy Minister of National Revenue,
Mr. H.B. McKinnon, Chairman of the Tariff Board,
Dr. W.C. Clark, Deputy Minister of Finance,
Mr. M.W. Mackenzie, Deputy Minister of Trade and Commerce,
Mr. A.D.P. Heeney, Under-Secretary of State for External Affairs,
Mr. J.E. Coyne, Deputy Governor of the Bank of Canada.
Mr. R.G. Robertson, Privy Council Office (Secretary).

Also present:
Mr. T.N. Beaupré, Department of Trade and Commerce,
Mr. J.J. Deutsch, Department of Finance,
Mr. A.F.W. Plumptre, Department of External Affairs,
Mr. A.E. Richards, Department of Agriculture,
Mr. D.V. LePan, Department of External Affairs.

. . .

III. ECONOMIC DISCUSSIONS; PROPOSED MEETING IN LONDON

13. *The Under-Secretary of State for External Affairs* mentioned that he had received a letter from the Acting High Commissioner for the United Kingdom concerning a proposal for a meeting among Commonwealth ministers in the week beginning September 18, to discuss economic and trade questions. The meeting was apparently planned largely to take advantage of the presence of the ministers in London. The suggested agenda was very wide in scope. The Cabinet had agreed that, as no Canadian minister could be present, the Parliamentary Assistant to the Minister of Trade and Commerce should represent the Government.[25]

. . .

[25] George McIlraith, député d'Ottawa-Ouest.
George McIlraith, M.P. (Ottawa West).

701. DEA/11172-40

Le secrétaire commercial du haut-commissariat au Royaume-Uni au chef de la Direction économique

Commercial Secretary, High Commission in United Kingdom, to Head, Economic Division

PERSONAL London, September 25, 1950

Dear Wynne [Plumptre],

I am attaching a letter which I have just sent today to our Department. I am sending you this personally because it is not intended to be a report on the Conference as a whole, but simply my comments on one or two aspects of it on which I had views and which I felt would interest our Department. I have told Beaupré that a copy went to you separately.

Hope you are well and with kindest regards,

Yours sincerely,
R.P. BOWER

[PIÈCE JOINTE/ENCLOSURE]

Le secrétaire commercial du haut-commissariat au Royaume-Uni à l'exécutif adjoint du sous-ministre du Commerce

Commercial Secretary, High Commission in United Kingdom, to Executive Assistant to Deputy Minister of Trade and Commerce

[London], September 25, 1950

Dear Mr. [T.N.] Beaupré,

The Meetings of the Commonwealth Ministers on General Economic & Trade Questions concluded Friday afternoon September 22nd. All the papers† circulated at the meetings as well as the minutes† are being sent to Ottawa by External Affairs and will be available to you.

It is difficult to put one's finger on any tangible results of the Conference. A general idea of sterling area fiscal policy emerged, though there were certain conflicts about detail. These will reveal themselves when the minutes are read. My purpose in writing is to indicate one or two of the items that were raised in which we have some particular interest and on which I have views.

European Integration Schemes

The U.K. defined its policy with respect to the various Western European Integration Schemes as that of a benevolent spectator unable to commit itself in advance to any proposals likely to run counter to its broader interests.

They would examine sympathetically any suggestions put forward and even if unable to take part in schemes adopted by other O.E.E.C. countries would co-operate to the extent which other responsibilities permitted.

The Sterling Area Commonwealth countries were obviously pleased at the assurances that their preferences on the U.K. market would not be sacrificed to the ideal of closer Western European integration, but South Africa, and Australia complained that O.E.E.C. liberalization arrangements in favour of the U.K. were not automatically extended by the O.E.E.C. countries to them. The U.K. suggestion was that such difficulties could be met by bilateral negotiations with individual O.E.E.C. countries. I had a feeling at this point that the U.K. felt they had a weapon here which might be useful in channelling through London merchants an increasing portion of Commonwealth produce. This may not have been intended, but there was suspicion that the interests of the U.K. entrepot trade were much in mind.

Commercial Treaty Policy

It was during discussion of this item that the deep rooted U.K. devotion to "protection" first made its appearance in these talks. Once the citadel of free trade, the U.K. is now strongly protectionist minded. There is, however, the wish to keep alive the fiction of adherence to the faith, and throughout the meetings there was no lack of outward devotion to the ideals which only the force of present circumstances keep from being translated into forceful action.

The objection to the U.S. proposals for a treaty of Commerce, Friendship and Navigation were twofold:

(a) they were a threat to Imperial Preference

(b) they would limit exchange controls.

The clauses relating to Imperial Preference were no more obnoxious than similar ones under I.T.O. or G.A.T.T. but they appeared to be more binding and were not accompanied by the compensating advantages which the last two organizations conferred. The British attitude was defined as aiming to preserve in all its commercial treaties *full liberty to continue, — and indeed to extend — preferential treatment for other Commonwealth countries, particularly on tariffs* and on entry and residence. Should G.A.T.T. or the I.T.O. not be ratified, then the U.K. would be free to develop and extend "imperial preference" as it saw fit. The U.K. do not wish to bind themselves on preferential arrangements if the I.T.O. charter is not ratified or if the G.A.T.T. disappears.

Gold & Dollar Position of the Sterling Area

This item must be discussed in conjunction with the tables which will have reached you separately. While commenting on the very favourable improvement in the gold and dollar position of the sterling area, from a deficit of $1,700 million in 1948 to an estimated deficit of $350 million in the 12 months ended June 30th 1950, Mr. Gaitskell claimed that judged by any valid criterion the gold and dollar reserves of the area were still far too low to entertain thoughts of non-discrimination or full convertibility. While he would not say precisely what level of reserves would be sufficient for this purpose, he did say they would have to be 2 or 3 times the current level ($2,422 million).

The tables confirm the gratifying improvement in the trade position, but they also reveal that this improvement came about almost entirely by smaller purchases from dollar areas rather than from increased dollar earnings. In fact they show that the improvement has been secured at a much lower level of international trade. If we take merchandise imports and exports between the sterling area (excluding South Africa and Ireland) and the dollar area, the value of trade declined by $926 million dollars between the calendar year 1948 and the year ended June 30th 1950. Exports to dollar areas *fell* by $264 million and imports from them by $662. Whatever may be said therefore of the fiscal policy of the sterling area during this period it cannot be claimed that it approached a balanced trade at the highest possible level.

While there was general agreement that the reserves had to be built up and that continued caution in dollar purchases was necessary, it was clear that certain members of the area, especially those with a current surplus in dollar area trade, are becoming slightly restive. Australia for example, benefiting from current high wool prices, urged the avoidance of a rigid formula to control dollar imports. Ceylon stressed her need to buy the cheapest food irrespective of currency and also mentioned the need of the recently established Central Bank to have local reserves of gold and dollars. New Zealand claimed to be in balance on dollar trade and pointed to the need for capital equipment from dollar sources.

Nevertheless, all concurred in a Working Party statement that the 75% limit on dollar expenditure had been a factor of great importance in the recent improvement of the dollar position of the sterling area and that continuance of strict economy was necessary in this field. They could not, however, agree to a formula to replace the 75% one, which it was admitted could no longer operate.

During these talks, considerable emphasis was given to the impact that stockpiling was likely to have both upon dollar expenditure and upon the gold and dollar reserves. In my view too much attention was given to this. A good case can be made for considering strategic stockpiling — to some degree at least — as reserves. It is true that these reserves may not be as readily convertible as gold, and that they will vary with market fluctuations, but this latter drawback applies to foreign currency reserves as well, — even the U.S. or Canadian dollar. To take no account of such assets in the balance sheet is surely as much an error as to rate them on a par with gold.

Economic Implications of the International Situation and of the Programme of Re-Armament

The U.K.'s accellerated re-armament programme was outlined and immediately revealed the pincer movement in which the rest of the sterling area was caught. One arm of the movement was the attempt to restrict the sterling area's purchases from dollar markets, — the other arm was to deny them a prior claim on purchases in the U.K. Gaitskell tried to reassure them that in the U.K. programme re-armament and dollar exports came first, and Commonwealth Sterling area exports a close second, but he had to admit that they would have to face some interference with what would otherwise have been. He said that this should not mean a cut in exports to the sterling area, but it was bound to prevent any expansion in these

exports. To the suggestion that if the U.K. could not supply it would be necessary to turn to the U.S. for their requirements, he replied that supplies would undoubtedly be equally short there. It must have been obvious to all representatives that either U.K. re-armament was not going to match commitments or exports were going to suffer. The British statement was misleading in minimizing the effects of re-armament upon exports and Canada is going to feel this as well, both in failure to secure offers (e.g. steel) and in getting unacceptable delivery conditions. The economy is too stretched now to permit business as usual and re-armament too, unless there is trade union and labour acceptance of longer hours of work. The reluctance of the sterling area Commonwealth countries to commit themselves to a limit on dollar purchases was the result of their determination to maintain an escape route if the other arm of the pincer proved too damaging.

South Africa and Southern Rhodesia argued that the sterling area dollar reserves were just as usefully employed in capital expenditures in the under developed areas of the Commonwealth as in the U.K. itself and that a study should be made of the Commonwealth as a whole to see what should have priority, e.g. railways for Southern Rhodesia, gold mining for South Africa etc.

Commonwealth Co-operation in the Trade Field

Harold Wilson outlined the course of U.K. production and exports and tried to reassure the other Commonwealth countries that in planning U.K. production, the needs of the other areas were very much in mind. He suggested that if other Commonwealth representatives had further items in mind where increased production was especially needed, the U.K. would welcome their views. He did *not* mention that the bulk of U.K. planned industrial expansion to date has been aimed at dollar saving rather than dollar earning so that the increased volume of goods available for export was more likely to be of interest to the sterling area Commonwealth than to Canada, e.g. tinplate. It is true of course that Canada should benefit from much of the U.K.'s post war industrial expansion, but in many cases this benefit is coincidental to planned expansion to other markets. We should take advantage of Wilson's offer, by pressing for expansion in fields most likely to interest us, — and should urge that this policy be extended to dependent areas as well, e.g. production of copra in Colonial areas.

It was suggested that the Commonwealth Liaison Committee might undertake a study of Commonwealth long term newsprint demands and supplies. I believe it would be useful for us to develop a Commonwealth approach to this problem (see my letter of March 22nd 1950† to Mr. Heasman).

International Trade Policy

The U.K. defined the Charter as an instrument which had many drawbacks but slightly more virtues and for that reason they would ratify it, if the U.S. should do so first. If the intention should be to make the G.A.T.T. a wider and more permanent instrument, the U.K. would desire detailed consultations with the Commonwealth before committing herself. It is clear that the U.K. enthusiasm for the basic principles of G.A.T.T. has cooled. Their objectives in the coming negotiations at Torquay will be to preserve the structure of Imperial Preference and to limit as far

as possible reductions in its scope. No further reduction in preference margins will be countenanced except against clear and substantial compensatory benefits. It was indicated that with the U.S.A. they would drive much harder bargains from now on. I am not certain what is behind the cooling off of U.K. enthusiasm for these arrangements, but suspect that it is a combination of two things:

(a) disappointment at the benefits derived to date from U.S. concessions.

(b) the protectionist urge asserting itself, — a realization that as convertibility approaches protection will be needed on the home market and in the overseas Commonwealth markets as well.

When it came to the question of extending M.F.N. treatment to Japan, only Ceylon seemed prepared to face the issue. This was probably because only Ceylon did not have the secondary industries likely to be prejudiced by Japanese manufacturing and trading methods. To Ceylon, the problem of cheap supplies was important.

The U.K. revealed its fear of Japanese competition, particularly in the textile field. Sir Raymond Streat[26] has been to Japan and reported that given a free hand on cotton textile production, Japan would soon eliminate Lancashire from all the traditional world markets, even assuming she undertook to forego all unfair trade practices. His solution is for the Allies to impose a limit on the number of looms and spindles that may be operated there. Harold Wilson stated that when the question arose of extending M.F.N. treatment to Japan the U.K. would almost certainly exercise her might to withhold the G.A.T.T. benefits from her. While this might protect the home market, it would not help the U.K. export position unless the other members of the Sterling area Commonwealth did the same.

The foregoing are offered as my comments on discussions in which I took no part. It was most helpful for me to attend the conference and I am grateful that arrangements were made for me to do so. Whether I helped the Conference or not, is doubtful, — that it helped me is beyond dispute. My work will be much easier with the information gathered on U.K. and Commonwealth policy and views on trade and economic matters. Let me know if you wish further details on any of the points I have raised?

Yours sincerely,
R.P. BOWER

[26] Sir (Edward) Raymond Streat, président du Cotton Board, Manchester, Royaume-Uni.
Sir (Edward) Raymond Streat, Chairman of Cotton Board, Manchester, United Kingdom.

4e PARTIE/PART 4

RELATIONS AVEC DES PAYS PARTICULIERS
RELATIONS WITH INDIVIDUAL COUNTRIES

SECTION A

AUSTRALIE: VISITE DU PREMIER MINISTRE À OTTAWA, 7-9 AOÛT 1950
AUSTRALIA: VISIT OF PRIME MINISTER TO OTTAWA, AUGUST 7-9, 1950

702. L.S.L./Vol. 234

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa, August 8, 1950]

DISCUSSION WITH MR. MENZIES

The Australian Prime Minister came to see me on Tuesday afternoon after he had left you, and we had a pleasant and interesting discussion for almost an hour.

He said that he had been worrying about the lack of contact between our two countries and the fact that most Australians feel Canada is so remote from them and vice versa. I agreed with him that this was the case, but told him that I felt a good deal of progress had been made in recent years. Our High Commissioners and their staffs were doing a good job in each country to increase the knowledge of and interest in the other country. We had increasingly close contact — though it was not always without disputation — with Australian delegations at United Nations meetings. I remarked, incidentally, that Dr. Evatt, while he was performing on the U.N. stage, had been responsible for a good many headlines in Canadian papers, which brought Australia to Canada's attention. Mr. Menzies agreed, but was not sure that these headlines were always the best from the Australian point of view. I did not attempt to argue with him on this! I stated also that Canadians were becoming more aware of Pacific problems, and the importance of that area to themselves and the world. With that awareness went an increasing interest in Australia. The attention given here to the Colombo and Sydney Conferences was a reflection of this. While it remained true that Canada, apart from British Columbia, tended, for obvious reasons, to look eastward and across the Atlantic, this situation was changing and we in the Government welcomed that change. Most Canadians, I thought, were now quite aware of the fact that there was a Pacific as well as an Atlantic ocean. If they had not been aware of this previously, Korea had certainly driven the point home.

I asked Mr. Menzies directly what he thought we could do to increase our friendly contacts. I thought he might reply by referring to some form of permanent Commonwealth consultative machinery, but he did not bring this up at all. He con-

tented himself by saying that they were going to have important Jubilee celebrations in his country next year, and he hoped that Canadian representatives, headed by the Prime Minister, would be able to attend. He felt that the more visits to Australia by Canadians, and by Australians to Canada, the better.

He thought that probably we knew more about Australia than Australians knew about us, because they tended to lump Canada with the United States. I told him that we are aware of this disadvantage — which could also, on occasions, be an advantage — and that it would be a good thing if Australians realized that while we could never escape from the overpowering shadow of our great neighbour, we had no intention of being lost sight of completely in that shadow. Mr. Menzies then added that while he was in Washington, he came to the conclusion that Canada and Australia stood higher in the regard of people there than any other two countries.

We had also some discussion of Korean developments during which Mr. Menzies took a far more cautious line regarding Australian participation and United States leadership than he took in his public speeches in Washington. He was worried about the Americans expecting too much too quickly from countries like Australia, and he indicated that he had talked pretty frankly to them in that regard. He was also worried about the implications of the intervention in Korea of the United Nations led by the United States. Was there any limit to our obligations under the Charter when we found ourselves involved so quickly and so completely in a place like Korea, which the Americans themselves had written off strategically many months ago, but to which they were now so heavily committed? I told him that we certainly shared this worry and we agreed that possibly in the next year or so, while the democracies were gaining in strength, it might not be a bad idea to go to some length in keeping the Russians in the Security Council and, indeed, getting the Chinese Communists there. That would certainly limit our obligations, as they would veto any future action of the Korean type! I was interested to discover that Mr. Menzies appreciated the arguments for recognizing Communist China and giving her representation in the United Nations. I gather that if he had a free hand from public opinion, he would support this step at once, and that his position in this regard was far closer to London than to Washington. This attitude, however, does not seem to harmonize with some of his public statements in recent weeks.

I asked the Australian Prime Minister what his views were about a Pacific Pact, and explained to him our doubts whether this would be a practicable or desirable development at the present time. He surprised me by agreeing in forthright terms with these doubts. He even referred to the folly of attempting to bring about a Pacific Pact organization at this time along the lines of the North Atlantic organization. He said this would be attempting to erect a structure on a foundation of jelly. I then ventured to remind him that his Minister of External Affairs seemed to have somewhat different views, to which he replied, "Oh, the Pacific Pact is Percy [Spender]'s baby and, of course, I have to let him talk about it occasionally".

Mr. Menzies then talked very frankly and very interestingly indeed of some of his domestic political problems in Australia, which I need not deal with in this memorandum.

Mr. Menzies ended by expressing great appreciation for all the kindness that had been shown him since his arrival in Ottawa.

L.B. PEARSON

703. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], August 9, 1950

. . .

VISIT OF THE PRIME MINISTER OF AUSTRALIA

41. *The Prime Minister* welcomed the Prime Minister of Australia.

42. *Mr. Menzies* said that Sir William Slim, Chief of the Imperial Staff, had paid a visit recently to Australia for the purpose of discussing general defence problems. Until a few months ago, there seemed to be a general, if unstated, feeling in the Australian Parliament — and even in his Cabinet — that Australia should concentrate primarily, if not exclusively, on the Far East in so far as defence preparations were concerned. In the light of recent international developments, however, the matter had been looked at again more closely and it was felt that if there was to be another world conflict the real dangers would centre in and around Europe. So long as Japan was, for military purposes, under U.S. occupation, there was no great power that need be feared from a military point of view in the Pacific. The Korean incident, however, had shown how difficult it might be to convince public opinion in the democracies that the real danger spot was not in the Pacific. If, for example, a world conflict broke out before the Korean situation had been straightened out and while Australian troops were still fighting there, it would be exceedingly difficult to convince the Australian people that their troops should be withdrawn from the Far East and sent to Europe or the Middle East.

It seemed probable that Soviet tactics over the next few years would concentrate in multiplying incidents such as the recent North Korean aggression. Thus it would be possible for the U.S.S.R. to disperse not only the military and economic strength of the democracies but also their psychological strength. Undoubtedly all democracies would be strained to keep a satisfactory balance between greatly increased defence budgets and the maintenance of a satisfactory level of industrial and commercial development while, at the same time, to avoid an inflationary spiral which might take on disastrous proportions.

Although the purely military efforts of the democracies were being correlated in a fairly satisfactory way, it would seem that there was not enough cooperative planning in the political sphere. This seemed to him to be essential if the free countries were to have any real success in relating their policies to their resources.

43. *Mr. Menzies* briefly commented on his recent visit to the United States and said that one of its purposes had been to negotiate a direct loan from the Interna-

tional Bank which, if successful (and he was hopeful that it would be) might suffice to meet the major portion of Australia's dollar needs for the next five years.

44. *Mr. Menzies* also mentioned that Jubilee celebrations would be held in Australia in 1951, to commemorate the 50th Anniversary of the establishment of the Commonwealth, and that he would be happy and honoured to receive the Prime Minister and as many of his colleagues as possible during the course of those festivities.

SECTION B

INDE: IMMIGRATION
INDIA: IMMIGRATION

704. DEA/232-AH-40

Le secrétaire d'État aux Affaires extérieures
au ministre de la Citoyenneté et de l'Immigration

Secretary of State for External Affairs
to Minister of Citizenship and Immigration

CONFIDENTIAL Ottawa, September 11, 1950

My dear Colleague,

The Indian High Commissioner came to see me the other day on his return from New Delhi, with instructions to raise the question of Indian immigration into Canada. As you know, for some time we have been increasingly embarrassed by the position of Indians in this regard. As I see it, the only way to meet this situation without embarrassing our relations with India (which are more important now than ever before) and at the same time ensure that no substantial Indian immigration into Canada takes place, is by the adoption of a quota system. I know that your Department is giving consideration to this, and I would be grateful if the matter could be pressed.

Mr. Kirpalani also raised, in a purely unofficial and informal way, the position of Canadian citizens of East Indian race in regard to certain disabilities to which he feels they are subjected. I told him that I thought there were no such disabilities in this country at the present time, but he had in mind the fact that Canadians of his race are not able to secure admission to Canada for their relatives from India, while Canadians of other racial descents are able to do so.

I would be very grateful if this matter could be looked into also, as I have told Mr. Kirpalani that I would be replying to his representations before long.

Yours sincerely,

L.B. PEARSON

705. DEA/232-AH-40

Le chef de la Direction des affaires consulaires
au directeur de l'Immigration[27]
du ministère de la Citoyenneté et de l'Immigration

Head, Consular Division,
to Director of Immigration,[27]
Department of Citizenship and Immigration

CONFIDENTIAL Ottawa, September 18, 1950

On September 11, Mr. Pearson wrote to Mr. Harris about representations made to him by the Indian High Commissioner, Mr. Kirpalani, on the question of Indian immigration into Canada. Mr. Pearson expressed the view that adoption of the quota system was the only way of regulating such immigration satisfactorily. He hoped that your Department could press its study of the application of a quota system to immigration into Canada.

2. In passing me a copy of the Minister's letter, Mr. Heeney asked if I would follow the matter up with you. While I realize that the main responsibility for this study rests with your Branch, you may be assured that we will be glad to give you any assistance in this matter which we can.

3. A few general remarks will indicate the direction of my own thinking on this matter. It seems to me that if a study is to be made of the quota system, then we should try to aim our shotgun so as to knock down as many birds as possible with the pellets from a single shell. We must line up the birds in our sights first. In doing so I think we should consider the applicability of the quota system to regulating the entry of all the groups that may wish to immigrate into Canada and whom experience has shown would be difficult to assimilate. Immigration of the main groups is now restricted by P.C. 2115 of September 16, 1930.† There are other groups, however, such as West Indians, Latin Americans, South African negroes, and so forth, that should also be taken into account.

4. You will recall that during 1947 the Inter-Departmental Committee on Immigration Policy discussed the quota system briefly. At that time a paper was prepared in this Department on "Asiatic Immigration into Canada" (March 1, 1947). It was prepared with special reference to the pressure being exerted by the Chinese at that time. Although more diplomatic pressure may now be coming from India than China, I think you will find in this paper a possible basis for further study and investigation of the quota system.

5. I would be glad to discuss this problem with you at any time.

L.G. CHANCE

[27] C.E.S. Smith

706. DEA/232-AH-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], November 7, 1950

INDIAN IMMIGRATION INTO CANADA

I attach a copy of a memorandum of November 7 prepared by Mr. P.K. Banerjee of the Office of the High Commissioner for India on the subject of the immigration of Indians into Canada.

ESCOTT REID
for A.D.P. H[eeney]

[PIÈCE JOINTE/ENCLOSURE]

Note du haut-commissariat de l'Inde

Memorandum by High Commission of India

[Ottawa], November 7, 1950

IMMIGRATION OF INDIANS INTO CANADA

There is discrimination against Indians in Canada in the matter of:

(i) Immigration of Indians into this country; and

(ii) admission of relatives of Indians already settled down in Canada.

(i) Under the Order-in-Council No. PC 2115 of 16th September, 1930, immigration of persons of Asiatic race, including Indians, is prohibited. After the attaining of independence by India and in view of very cordial relations between Canada and India, the Government of Canada have been approached from time to time for removal of this ban. Large scale immigration from India will neither be possible nor desirable but it has been represented to the Government of Canada previously to consider favourably the question of immigration of Indians on an annual quota basis as is being done in the United States.

(ii) The present position of about 1400 Indians settled down in Canada is anomalous in the respect that, although they are Canadian citizens, they do not enjoy the same rights as their other fellow Canadian citizens of European origin. The latter have the privilege to bring into Canada not only their first degree relatives but, according to the announcement of the Immigration Minister of 30th June, 1950,[28] any of their relatives sponsored by them can be admitted as immigrants. Further, immigrants will also be brought by employers to a maximum limit of 25. However,

[28] Voir/See Canada, *Canadian Weekly Bulletin*, Volume 5, No. 35, July 7, 1950, p. 6.

Canadian citizens of Indian origin, at present, can only seek admission of their wives, and children under 18 years of age. This has been the main cause of complaint of those of our people who have settled down in British Columbia. In view of the changed times and the cordial relations which exist between our two sister countries of the Commonwealth, it may be agreed that this remaining differentiation should be removed against Canadian citizens of Indian origin at an early date.

On representations from the Indian community in British Columbia, this Mission has time and again taken over this matter with the Immigration authorities at Ottawa. Last year they only agreed to give consideration to applications for admission of relatives of Indians resident in Canada only where these residents have reached an advanced age and require assistance not otherwise available in the management of their properties in this country. This concession is however meagre as compared to the facilities given to other Canadian citizens of European origin. It has also been brought to notice that in view of the general policy of ban on immigration from India, the applications made for admission under this category have not been given the same consideration as is being given to those from other Canadian citizens. Moreover even if given the necessary sympathetic consideration in such cases, this concession does not give equal privileges and facilities in the matter of admission of relatives to Canadians of Indian origin with those of Canadians of European origin.

The Government of India and the Indian community in Canada have deeply appreciated the very sympathetic consideration shown by the Government of Canada in the matter of granting privileges of citizenship rights and other immigration concessions to the Indian community in British Columbia and doubtless the grant of equality with other Canadian citizens of European origin in regard to admission of all categories of relatives, as the latter enjoy, will be gratifying and will go a long way in further strengthening the bonds of friendship between our two great countries.

[P.K. BANERJEE]

707. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], November 29, 1950

. . .

IMMIGRATION; ENTRY OF EAST INDIANS

37. *The Secretary of State for External Affairs* reported that representations had been received from the government of India renewing the request for elimination of the discrimination against Asians, including Indians, in the present immigration regulations. They were not pressing to have actual immigration entry conceded but only for removal of the directly discriminatory provisions.

38. *The Minister of Citizenship and Immigration* said that the problem was essentially one of amending the provisions so that they appeared to place Asians on the

same basis as other persons but without, in fact, extending a right of entry. Certain additions to the admissible groups of Asians had in practice been made recently under the general authority to grant exceptions. This had been applied in relation to Lebanese and such persons. A small interdepartmental committee had been established to examine the problem of modifying the regulations affecting Indians.

39. *The Cabinet* noted the reports of the Secretary of State for External Affairs and the Minister of Citizenship and Immigration concerning representations seeking amendment of the provisions regarding the entry of Asians, and particularly Indians, into Canada.

. . .

708. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], December 21, 1950

. . .

IMMIGRATION; EAST INDIANS AND CHINESE

19. *The Minister of Citizenship and Immigration*, referring to discussion at the meeting of November 29th, 1950, said that work was continuing on revision of the immigration regulations applying to Asians. It would be difficult to eliminate the appearance of discrimination while at the same time maintaining the exclusion of providing for only a very small inflow of Asian immigrants. The most obvious method was to apply a quota to each of the Asiatic countries. So long as there was no quota for non-Asiatic immigration, however, this was a continuation of discrimination in another form. The quotas would probably also involve discriminations as between Asiatic countries. Another possibility might be to approach the government of India, which was the one immediately concerned, to ascertain whether a treaty or agreement might be arranged to establish a quota of possibly 100 persons per year and thus permit the removal of Indians from the application of the general regulations.

Pending decision on the general question, it seemed desirable to make a slight relaxation in the provisions of Order in Council P.C. 2115 of September 16th, 1930, so that entry of husbands of Canadian citizens of Asian origin and also of unmarried children between 18 and 21 could be allowed.

20. *The Secretary of State for External Affairs* thought it would be desirable to investigate the possibility that a treaty might be acceptable to the Indian government. If something could be done that would give the three Asian commonwealth countries a preferred position, it would be desirable.

21. *The Cabinet*, after discussion, noted with approval the report of the Minister of Citizenship and Immigration and agreed:

(a) that Order in Council P.C. 2115 of September 16th, 1930 be amended to permit the entry of the husband of a Canadian citizen of Asian origin and also

unmarried children of a Canadian citizen between the ages of 18 and 21; an Order in Council to be passed accordingly; and,

(b) agreed that the Department of External Affairs investigate the possibility of entering into a treaty or agreement with the government of India, and possibly with the governments of Pakistan and Ceylon, concerning immigration into Canada.

. . .

SECTION C

PAKISTAN: EXPORTATION DES ARMES
PAKISTAN: EXPORT OF ARMS

709. DEA/50000-J-40

Note du chef de la Direction économique pour la Direction du Commonwealth

Memorandum from Head, Economic Division, to Commonwealth Division

SECRET Ottawa, March 27, 1950

I refer to form memorandum No. 267 attached.†

2. On December 8th, 1948, Cabinet approved the export of certain items of military equipment to India and Pakistan.[29] This approval applied specifically to a long list of items which the Government of Pakistan had requested. The list is entitled "Annexture to M.G.O. Letter No. D.O. MGO/7 dated 27-10-48". This Annexture included an item of 114,750 rounds of 20 mm ammunition. The Canadian Commercial Corporation now request permission to export 576,000 rounds of this ammunition. The Annexture included an item of 24,540 rounds of 6 pounder 7 cwt. H.E. Shell. The Canadian Commercial Corporation now wish to export to Pakistan 50,757 rounds of this ammunition, and they point out that the Annexture included a similar item of 78,143 rounds of 6 pounder 7 cwt. APCBC/SVDS.

3. The departmental memorandum to Cabinet which recommended the approval included the following political considerations as pertinent in considering the applications:

(1) There had been no resolution in the Security Council of the United Nations which would require Canada to forbid the export of military equipment to these countries, although items concerning Kashmir and Hyderabad had been on the Security Council agenda for some time and final disposition of them had not been made. It was stated that the United Kingdom had been supplying military equipment to both India and Pakistan.

(2) At the meeting of Prime Ministers in London in 1948, India and Pakistan representatives had both stressed the importance of maintaining their military

[29] Voir *DREC*, volume 14, document 738 note 64./See *DCER*, Volume 14, Document 738*n*64.

strength in order to provide a defence against Soviet expansion and Communism at home.

4. The memorandum to Cabinet also stated that the representative of India had made it clear, when approached informally, that he considered that Canada should, as a matter of course, sell arms to another member of the Commonwealth.

5. The Canadian Commercial Corporation has obtained final approval from this Department for each shipment of items of military equipment listed in the Annexture. We have approved exports valued at $10,900,000 in 1949 of this equipment, and in addition, authority has been obtained and approval given for other exports of arms and ammunition by the Canadian Commercial Corporation and exports of aircraft and spare parts by private companies, so that the total value of exports of arms and ammunition to Pakistan approved by this Department in 1949 is $11,265,987. Pakistan is by far our largest customer for arms and ammunition.

6. We understand from the Canadian Commercial Corporation that the list approved by Cabinet on December 8th, 1948, if filled entirely, would mean exports to Pakistan of equipment worth hundreds of millions of dollars.

7. I understand that the situation in Kashmir is very tense, and I am, therefore, recommending to the Minister that the whole question of exports to Pakistan should be again submitted to Cabinet. I should be glad to have, at your early convenience, comments on the recommendation which should be made to Cabinet on this particular request from the Canadian Commercial Corporation and on the whole policy of exports of arms and ammunition to India and Pakistan.

A.F.W. P[LUMPTRE]

710. DEA/50000-J-40

Note du chef de la Direction du Commonwealth pour la Direction économique

Memorandum from Head, Commonwealth Division, to Economic Division

SECRET [Ottawa], March 31, 1950

In reply to your memorandum of March 27, concerning the export of arms from Canada to Pakistan, I concur in your opinion that it would be wise to submit this question to Cabinet. As I feel that our present policy in this respect is sound, the submission to Cabinet should not be designed to secure a change but rather to ensure that the government is kept fully informed on this matter.

2. The situation in Kashmir is momentarily at least somewhat less tense because the Security Council recently, by a vote of eight in favour, none against, two abstaining and one (U.S.S.R.) absentee, adopted a resolution for the appointment of a mediator whose basic task would be to give effect to a programme for demilitarization of Kashmir. However, communal riots in East and West Bengal have recently created a danger situation which it is feared in certain quarters might even lead to hostilities between India and Pakistan; the decision of Liaquat Ali Khan to proceed to New Delhi on April 2 has relieved the immediate tension and given rise

to hopes that he, with Mr. Nehru, will be able to pave the way for better relations between the two countries.

3. If war eventuates, it would be unhappy to realize that the two members of the Commonwealth were using against each other ammunitions and war material supplied in part by Canada. The Indian Government might lodge a complaint on the basis that Canada had sold very considerably more to Pakistan than to India.[30]

4. These factors, nevertheless, do not seem to be of sufficient weight to change the Canadian policy on export of arms. Such arms are certainly required and will undoubtedly be supplied from elsewhere, if not from Canada, in order to equip the Indian and Pakistan armed forces to meet the threat of communism.

5. A ban on the export of arms to the sub-continent would result in a situation very similar to that produced by the "non-intervention" policy in Spain, whereby friendly governments denied arms to the Loyalist Government which they recognized, although at the same time the rebel Franco Government was known to be receiving shipments from Germany and Italy. As India has arsenals of her own, a ban on the export of arms to the sub-continent would not apply equally to both countries, but would, in effect, grievously weaken Pakistan without similarly affecting India. It could be expected that Pakistan would violently resent such action on the part of Canada and would probably leave the Commonwealth, particularly if other Commonwealth nations adopted a policy similar to that of Canada. It would be difficult to estimate the reaction of other Moslem countries. Within the sub-continent such a ban on exports might encourage Indian aggression as Pakistan would be a comparatively easy victim if arms were not available from outside sources.

6. I have spelled out the situation at some length for your information. You may well feel that there is no need to incorporate all of these details in the memorandum which you make for the Minister. In my opinion, the factors set forth in paragraphs 3 and 4 of your memorandum of March 27 are conclusive.

H.F. FEAVER

[30] Note marginale:/Marginal note:
We haven't refused any arms ordered by India — mostly aircraft except for some bombs. M.A. M[acpherson].

711. DEA/50000-J-40

Note du chef par intérim de la Direction des Nations Unies pour la Direction économique

Memorandum from Acting Head, United Nations Division, to Economic Division

SECRET [Ottawa], April 4, 1950

EXPORT OF ARMS TO PAKISTAN

I agree with the suggestion made in your memorandum of the 27th of March that, in view of the tense situation in Kashmir, the present policy concerning the export of arms to India and Pakistan should be reviewed.

2. Nevertheless, I feel that on balance it would be unwise at the present time to alter the policy which we have been following. The arguments in favour of authorizing the additional shipment of arms, described in the annex of your memorandum, seem to me to be as follows:

(a) The Pakistan forces are so inferior, both in numbers and equipment, to the Indian forces and have to rely so much more than the Indian forces on arms, munitions and equipment from abroad that I think these further shipments from Canada would be more likely to maintain the present balance in Kashmir rather than disturb it.

(b) The Pakistan Government already believes that the adoption by the Security Council of its resolution on Kashmir of the 14th of March (which, in the Pakistan view, is a dilution of General McNaughton's proposal of the 17th of December) represents some surrender by western countries, and particularly by the United States and the United Kingdom, to Indian intransigence. A decision by the Canadian Government to alter its policy and to refuse to allow further export or arms to Pakistan would be interpreted by the Pakistanis as further evidence that they were progressively being abandoned.

(c) At the moment the crux of the whole situation, I believe, is the attitude of the Indian Government. Unless Pandit Nehru can be persuaded, by whatever means and under whatever disguises, to back down and permit the demilitarization of Kashmir and the holding of an unfettered plebiscite, there is little hope that the dispute can be settled. Continued shipment of arms to Pakistan might have some effect in convincing him that Kashmir cannot be annexed to India by a slow process of attrition.

3. The arguments in favour of halting the export of arms from Canada to Pakistan seem to be as follows:

(a) Continued supply of arms from Canada on a large scale might tend to stiffen opinion in Karachi. And, although no further concessions of substance should be demanded, in my view, from the Pakistan Government, it is, of course, essential, if a settlement is to be reached, that the attitude of the Pakistan Government should remain supple. However, the events of the past few weeks have shown that the Pakistan Government are not at present disposed to adopt an inflexible position.

(b) To those in Canada and elsewhere who are not well acquainted with the relative military strength of India and Pakistan, nor with the rights and wrongs of the Kashmir dispute, export of arms on a considerable scale from Canada to one of the parties of the dispute might seem to be an irresponsible policy in view of the very critical situation in Kashmir.

4. It may be inferred from the manner in which I have presented the arguments against continuing the present policy that I do not think they are strong enough to dictate a change at the present moment. I agree, however, that it would be wise, once again, to acquaint Cabinet with the issues involved. I also feel that close watch must be kept on this subject, in case during the next few months it seems advisable to reverse the present Canadian policy.

D.V. LEPAN

712. DEA/50000-J-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], April 5, 1950

EXPORT OF ARMS TO PAKISTAN

An application has been received from the Canadian Commercial Corporation to export to Pakistan ammunition as follows:

576,000 rounds of 20mm cartridges valued at	$ 764,786.88
50,575 rounds of 6 pounder 7 cwt. H.E. Shells valued at	$1,100,006.25
Total value	$1,864,793.13

2. On December 8th, 1948, Cabinet approved the export to Pakistan of a list of military equipment recommended in a departmental memorandum of December 7th, 1948 (copy of which is attached). About one-third of the ammunition now requested is covered by items in the list approved by Cabinet on December 8th, 1948.

3. The departmental memorandum to Cabinet which recommended the approval included the following political considerations as pertinent in considering the applications:

(1) There had been no resolution in the Security Council of the United Nations which would require Canada to forbid the export of military equipment to these countries, although items concerning Kashmir and Hyderabad had been on the Security Council agenda for some time and final disposition of them had not been made. It was stated that the United Kingdom had been supplying military equipment to both India and Pakistan.

(2) At the meeting of Prime Ministers in London in 1948, India and Pakistan representatives had both stressed the importance of maintaining their military

strength in order to provide a defence against Soviet expansion and Communism at home.

4. The memorandum to Cabinet also stated that the representative of India had made it clear, when approached informally, that he considered that Canada should, as a matter of course, sell arms to another member of the Commonwealth.

5. The Canadian Commercial Corporation has obtained final approval from this Department for each shipment of items of military equipment listed in the Department's submission to Cabinet of December 8th, 1948. There have been shipments of equipment from this list amounting to $9,216,057.08, and the export of equipment valued at $1,321,711.82 has been approved, but the equipment has yet to be shipped. In addition, authority has been obtained and approval given for other exports of arms and ammunition by the Canadian Commercial Corporation and exports of aircraft and spare parts by private companies, so that the total value of exports of arms and ammunition to Pakistan approved by this Department in 1949 is $11,265,987. Pakistan is by far our largest customer for arms and ammunition.

6. The Canadian Commercial Corporation has informed us that the list approved by Cabinet on December 8th, 1948, if filled entirely, would mean exports to Pakistan worth hundreds of millions of dollars. In view of this, and of the tense situation in Kashmir and Bengal, it was felt necessary that you should acquaint Cabinet with the issues involved in exporting arms to Pakistan.

7. The following considerations appear relevant:

(1) The Pakistan forces are so inferior, both in numbers and equipment, to the Indian forces and have to rely so much more than the Indian forces on arms, munitions and equipment from abroad that further shipments from Canada would be more likely to maintain the present balance in Kashmir rather than disturb it.

(2) The Pakistan Government already believes that the adoption by the Security Council of its resolution on Kashmir of the 14th of March represents some surrender by western countries, and particularly by the United States and the United Kingdom, to Indian intransigence. A decision by the Canadian Government to alter its policy and to refuse to allow further export of arms to Pakistan would be interpreted by the Pakistanis as further evidence that they were progressively being abandoned.

(3) Continued shipment of arms to Pakistan might have some effect in convincing Pandit Nehru that Kashmir cannot be annexed to India by a slow process of attrition.

(4) Continued supply of arms from Canada on a large scale might tend to stiffen opinion in Karachi.

(5) To those in Canada and elsewhere who are not well acquainted with the relative military strength of India and Pakistan, nor with the rights and wrongs of the Kashmir dispute, export or arms on a considerable scale from Canada to one of the parties of the dispute might seem to be an irresponsible policy in view of the very critical situation in Kashmir. If war eventuated, it would be unhappy to realize that the two members of the Commonwealth were using against each

other ammunition and war material supplied in part by Canada. Since the cease-fire in Kashmir, we have refused no export of arms to either India or Pakistan, although Pakistan has requested a much greater amount than India.

8. In view of these considerations, I suggest that you recommend that Cabinet approve the present request to export ammunition to Pakistan valued at $1,864,793.13, but that it rescind its blanket approval granted on December 8th, 1948, and that further requests for arms from Pakistan should not be granted unless approved by Cabinet.[31]

E. R[EID]
for A.D.P. H[eeney]

SECTION D

ROYAUME-UNI
UNITED KINGDOM

SUBDIVISION I/SUB-SECTION I

BLÉ
WHEAT

713. DEA/1893-40

Note du sous-secrétaire d'État suppléant aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Deputy Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET Ottawa, March 22, 1950

UNITED KINGDOM IMPORT PROGRAMME — USE OF CANADIAN DOLLAR CREDIT

These matters are likely to be introduced into Cabinet later this week by the Minister of Finance. They were the subject of an emergency meeting yesterday of the Interdepartmental Committee on External Trade Policy called by Dr. Clark. A recent telegram from Washington was under discussion (WA-645†). It quoted ECA estimates purporting to show drastic cuts in United Kingdom imports from Canada — particularly imports of wheat. A draft reply to that telegram is being sent to you under cover of a separate memorandum.

2. The United Kingdom import programme for 1950-51 is not yet settled; it cannot be settled until the size and conditions of the ECA appropriation are much more clear than at present. A meeting of the Canada-U.K. Continuing Committee had been planned for April but has been postponed by mutual consent. Separate discussions were planned regarding U.K. imports of Canadian wheat and flour when the

[31] Approuvé par le Cabinet, le 5 avril 1950.
Approved by Cabinet, April 5, 1950.

present contract runs out at the end of July. Mr. Howe had planned to discuss these matters with the United Kingdom late in May or early in June.

3. In the Committee meeting Dr. Clark proposed, partly supported by Mr. Towers, that before new negotiations began the Canadian Government should suspend further drawings by the U.K. on the Canada-U.K. Credit. Drawings have been running at the rate of $10 millions a month. There is some $90 millions left in the Credit — enough to last until the end of 1950. Dr. Clark feels that, in the coming negotiations, we shall need all the ammunition we can accumulate; that it is unlikely and perhaps unnecessary that Parliament would vote further financial aid to the U.K. this year; and that as much as possible of what credit is available should be held in reserve as a bargaining weapon.

4. Mr. Towers, while agreeing with Dr. Clark that suspension of drawings was desirable, proposed to put it up to the U.K. in a more conciliatory way and, if possible, to gain their agreement. There are purely financial grounds on which the U.K. might (other things being equal) be willing to forego drawings. The U.K. are, temporarily and accidentally, very flush with Canadian dollars; their working balance in the Bank of Canada is some ten times its normal size. For the past five months their drawings on the Canadian loan have merely added to their swollen balance in the Bank; over the coming five or six months they would have no difficulty even if they were not allowed access to the credit because they could simply draw down their bank balance. Meanwhile, if the Canadian Government provides them with additional money from the Credit, this money has to be borrowed by the Government at an appreciable cost in interest.

5. Mr. Mackenzie said that, if the suspension of drawings could be justified and accepted on purely banking grounds, that was one thing; but it was quite another if the suspension was connected in any way with ECA statistics, with the threat of U.S. food exports to the U.K. and with the coming negotiations between the U.K. and Canada. He felt that, as a result of tripartite and other discussions, Canada was under some moral obligation to allow continuing use of the U.K. credit. (This was vigorously denied by Dr. Clark who said that, last September, he told Sir Henry Wilson Smith that there was no commitment beyond December). Mr. Mackenzie also expressed misgivings about the reaction in Washington if Canada (without full agreement from the U.K.) stopped financing even a share of the North American export surplus.

6. Mr. Plumptre, representing this Department, did not take an active part in the discussion, but gave some support to Mr. Mackenzie.

7. Dr. Clark said he would be advising his Minister to propose in Cabinet the suspension of drawings on the U.K. loan. Since he could not get the full support of the Committee he suggested that other departments represented should tell their Ministers of the action he proposed.

8. Mr. Mackenzie undertook to raise with his Minister the possibility of advancing the date at which new negotiations with the U.K. would take place regarding wheat and flour. (He did not expect to get any commitment from the U.K. except covering flour). The other members of the Committee all felt that the date should be advanced, and that it should be fixed immediately. The Government would then

be able to say the first steps towards new arrangements had already been taken — a desirable statement to be able to make if recent ECA estimates on wheat exports leaked out to the public.

9. The text of this report is being sent to London and Washington for comments.[32] The Minister of Finance cannot attend Cabinet until Saturday and we should have some replies by that time.

E. R[EID]

714. DEA/1893-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-694 Washington, March 23, 1950

SECRET. IMPORTANT.

Following for Plumptre from Wrong, Begins: Your EX-490 of March 22nd.† Use of Canadian dollar credit to United Kingdom.

1. I am in agreement with the line taken by Mackenzie as reported in paragraph 5 of your memorandum to Mr. Pearson. While it is impossible to estimate in advance the intensity of the reaction in Washington to a suspension of drawings on the credit as a bargaining lever with the United Kingdom, it is evident that such an action would be noted unfavourably at least by the officials in the Administration who are charged with responsibility in this field of policy. I am not interested in whether or not Canada is under any moral obligation to allow continuing use of the credit, since an appeal to moral obligations usually serves only to confuse the issue. The fact is that a suspension of the use of the credit at the present time, when we are certainly not compelled to do so on financial grounds, will have an ugly appearance, especially in the light of the reductions in United States aid to the United Kingdom during the next fiscal year. To argue here that we are justified in doing this to assist us in later bargaining over the United Kingdom import program (and possibly as an incidental retaliation for E.C.A.'s unjustified guess of what that program will be) will carry absolutely no conviction.

2. The position, of course, would be somewhat different if the United Kingdom agreed that their supply of Canadian dollars was ample to carry them through the next few months and concurred in a postponement so that some remaining part of the credit would be available in 1951. Even an agreed suspension of this nature, however, strikes me as being open to objection from the Washington point of view. The argument could, and quite possibly would, be made that the fact that the

[32] Envoyé à l'ambassadeur aux États-Unis, télégramme N° EX-490 du 22 mars 1950 et au haut-commissaire au Royaume-Uni, télégramme N° 396 du 22 mars 1950.
Sent to Ambassador in United States, Telegram EX-490 of March 22, 1950 and to High Commissioner in United Kingdom, Telegram No. 396 of March 22, 1950.

United Kingdom did not need to go on drawing on the Canadian credit was good evidence that they were being helped too lavishly by the United States, since E.C.A. dollars were reaching Canada in such volume that they were piling up there in the United Kingdom's balances.

3. I noted that Mackenzie's expectation is that the United Kingdom will not make any commitment to import a firm quantity of wheat when the contract runs out and that some commitment on flour is all that he expects. This is what I had assumed would happen under the International Wheat Agreement. Do those who advocate a suspension of the credit for bargaining purposes aim at getting from the United Kingdom an undertaking which would in effect be a continuation of the wheat contract for a fifth year by agreement to purchase a fixed quantity at a set price?

4. Would not a suspension of drawings for bargaining purposes, with the object of later getting a United Kingdom commitment to buy Canadian wheat, resemble very closely the tactics implied in E.C.A.'s estimates of the wheat import program of the United Kingdom in 1950-51? Would it be consistent for us to take a strong line with E.C.A. about the "forecast" of a reduction of $100 millions in the United Kingdom's wheat imports from Canada and a corresponding addition to their imports from the United States, while denying credit to the United Kingdom unless and until we receive their promise to take wheat from us? Would it not also make our later negotiations with the United Kingdom more difficult if we suspended the credit before the negotiations began? It must be remembered that the United Kingdom has no responsibility whatever for the estimate of their import program prepared by E.C.A., which is entirely a product of the imagination of certain E.C.A. officials. Ends.[33]

715. DEA/1893-40

La délégation permanente auprès de l'Office européen des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Delegation to European Office of United Nations to Secretary of State for External Affairs

TELEGRAM 43 Geneva, March 24, 1950

SECRET. MOST IMMEDIATE.

Following for Plumptre from Wilgress, Begins: Your telegram No. 396 of March 22nd† to London regarding United Kingdom import programme and use of Canadian credit.

1. I do not, repeat not, have in Geneva the E.C.A. estimates purporting to show drastic cuts in United Kingdom imports from Canada particularly imports of wheat as disclosed to you in Washington telegram WA-645. This necessarily limits scope of my comments. For instance, I cannot judge how far reduction of wheat imports

[33] Note marginale:/Marginal note:
The Minister & USSEA & N.A. Robertson have seen this. No further distribution is required. A.F.W.P[lumptre]

reflects United Kingdom hope for a fall in wheat prices. We know they are anxious to improve terms of trade in their favour and hence it is natural that their policy will be directed towards bringing wheat price down to minimum provided for in International Wheat Agreement. We can also assume that the United Kingdom will not be above using present United States emphasis on disposal of agricultural surpluses to force us into a position where we will be compelled to extend financial assistance to the United Kingdom for an indefinite period. All this shows the need for us to proceed with great caution and not, repeat not, to be hurried into taking decisions which later on may place us at a disadvantage.

2. For these reasons I doubt the wisdom of connecting any suspension of further drawings by the United Kingdom on the Canadian credit too directly with negotiations concerning wheat. I think use of Canadian credit as a bargaining weapon might be kept in reserve rather than employed at the outset. There is the danger that if use of Canadian credit is employed for bargaining purposes the United Kingdom may force us to grant further credits as a means of disposing of our wheat after existing credit is exhausted. This would be tantamount to placing us in the position of having to give away our wheat which we have always taken such great care to avoid.

3. Accordingly if suspension of drawings on credit is decided upon I think it would be very much better to link it exclusively with present large United Kingdom balance in Canadian dollars that is on purely banking grounds. If later on it became necessary to use credit for bargaining purposes in connection with [group corrupt] it would make little difference if we used the threat of suspending drawings or threat of not, repeat not, restoring United Kingdom right to draw on credit.

4. For same reasons I feel it would not, repeat not, be wise to approach United Kingdom simultaneously both about suspension of drawings on credit and about negotiations for wheat. I realize the desirability of being able to say first steps towards new arrangement have already been taken. Perhaps, therefore, the first step should be to make arrangements for discussions regarding clarity. Our view had been that these discussions should be deferred until Congress had acted upon ECA appropriations, and also after United Kingdom budget had been submitted. On the other hand, it would not, repeat not, be wise to defer discussions until a date too near the expiration of present wheat contract. While, therefore, I feel United Kingdom Government might be approached now about the date of discussions I still think it would be an advantage if the actual discussions did not, repeat not, take place until late in May or early June as originally planned. If, however, earlier discussions are needed from the point of view of public relations, they could take place towards the end of April since we know Sir Henry Wilson Smith will be available at that time but will be absent from London during May. I very much feel, however, it is important we should not, repeat not, give the impression to United Kingdom that we are in a panic or unduly disturbed about what we have learned in Washington.

5. Whatever date may be decided on for wheat negotiations I feel, if possible, regarding suspension of drawings on Canadian credit should be kept separate and a reasonable interval should intervene between any official approach we may be

making about wheat and such action. The same considerations would apply if we decided first to act on suspension of drawings on credit.

6. Apart from other considerations mentioned, I feel it would create an unfortunate impression in the United States if it was learned that we were suspending United Kingdom drawings on Canadian credit as preparation for bargaining over wheat. The same objection would not, repeat not, arise if it could be made clear in Washington that suspension of drawings had been proposed on purely banking grounds. Ends.[34]

716. DEA/1893-40

Extrait d'une note du chef de la Direction économique pour le sous-secrétaire d'État aux Affaires extérieures

Extract from Memorandum from Head, Economic Division, to Under-Secretary of State for External Affairs

SECRET [Ottawa], April 3, 1950

Mr. Reid asked me to prepare a brief account of one or two matters that have moved forward (or have not moved forward) while you were away.

PROPOSAL TO SUSPEND THE USE OF THE CANADIAN CREDIT BY THE UNITED KINGDOM

The United Kingdom is at present using up the residue of the 1946 Canada-United Kingdom Loan at a rate of $10 millions a month. At this rate it will only last until December, 1950. In addition, however, the United Kingdom has built up a substantial balance in the Bank of Canada which would carry them through (at the same rate of drawings) until nearly the end of 1951. This balance in the Bank of Canada has resulted from large purchases of Canadian wheat by E.C.A. on British account.

Dr. Clark suggested that we should tell the British that they could no longer draw on the 1946 loan. He foresaw tough bargaining with the United Kingdom in the near future over Canadian wheat and flour exports; the present four-year contract runs out in July. He wanted to conserve the maximum amount of credit to bargain with. Towers gave him some support, arguing chiefly that the United Kingdom did not *need* to use the loan and the Canadian Government was now having to borrow money in order to hand it over to the United Kingdom who were not using it.

The opposition was led by Mackenzie who felt that we were under some moral obligation (denied by Clark) to continue releases of the loan and that any suspension would have very undesirable results not only in London, but also in Washington. In this view he was vigorously supported by Mr. Wrong to whom the matter was referred for advice. He felt that even if the United Kingdom freely agreed to

[34] Note marginale:/Marginal note:
No circulation required. USSEA, the Minister & N.A. Robertson have copies. W. P[lumptre]

suspend drawings this would be misconstrued in Congress to mean that the United Kingdom didn't need the money. This in turn would react unfavourably on the E.C.A. appropriation.

The matter was discussed between the Ministers concerned. Mr. Howe, supported by Mr. Pearson, evidently got Mr. Abbott to agree that we should not ask the United Kingdom to suspend drawings.

. . .

A.F.W. P[LUMPTRE]

717. L.S.L./Vol. 235

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 996 London, May 23, 1950

TOP SECRET & PERSONAL

Following Personal for the Prime Minister from C.D. Howe, Begins: Our discussions with the United Kingdom Ministers and officials on wheat questions ended yesterday afternoon. Pearson accompanied me to these meetings, along with the High Commissioner, Mackenzie, McIvor and Robertson. On the U.K. side there were the Chancellor of the Exchequer, the Minister of Food, the Secretary of State for Commonwealth Relations, and others.[35]

2. I am sending you this interim report, but I would be grateful if any discussion of the results of our talks could be postponed until my return on Tuesday next, as I am anxious to put the whole matter, as I see it, before Cabinet. In the circumstances, therefore, I would be glad if this telegram did not receive any circulation at this time.

3. The talks went very well and were conducted in a most friendly way. There were, of course, difficulties in discussing United Kingdom wheat import plans without some reference to price consideration or to the effect of any agreement on United States susceptibilities. Sir Stafford was also anxious to have the "have regard to" clause disposed of at this time.[36] On that point, I told him, however, that I had no authority to do this, and he, in his turn, made his view quite clear that we could not now expect to receive any specific monetary compensation for this clause. He hoped that the arrangement which we were now attempting to reach for 1950-51 would be a satisfactory basis for the future, and as such make us feel that the "have regard to" matter was now closed, although, at the same time, he felt that

[35] Il s'agissait respectivement de sir Stafford Cripps, Maurice Webb et P.C. Gordon Walker. These were Sir Stafford Cripps, Maurice Webb, and P.C. Gordon Walker, respectively.
[36] Voir Canada, *Recueil des traités*, 1946, N° 30./See Canada, *Treaty Series*, 1946, No. 30.

our agreed arrangement should stand on its own feet and not be considered as directly related to "have regard to" obligations.

4. After considerable discussion I accepted yesterday the text cited below as a possible joint communiqué. It is this text that I would like to discuss with you and my colleagues next Tuesday, and I have informed the United Kingdom that final agreement on it will have to be postponed until such discussion. The final draft of the text represents, I think, a considerable improvement over the first United Kingdom draft, and in my own view, and that of Pearson, is a reasonably satisfactory document. It reads, Begins:

"Mr. C.D. Howe, Canadian Minister of Trade and Commerce, has held discussions in London with United Kingdom Ministers on the subject of the United Kingdom's wheat requirements in the crop year 1950-51 within the framework of the International Wheat Agreement.

"Both Governments have now reviewed the results of those talks. They are agreed that the International Wheat Agreement removes the need for a contract to replace the existing Anglo-Canadian Wheat Agreement which expires at the end of next month.

"The United Kingdom Government has made it clear that, out of its total wheat import requirements in 1950-51, it expects to buy a large proportion in Canada which, quite apart from the special contractual arrangements of the past four years, is, and it is hoped will remain, the traditional source of supply for the United Kingdom. The Canadian Government, for its part, is satisfied that Canadian wheat growers will continue to find in the United Kingdom a market for a very substantial part of their exportable wheat." Ends.

5. You will note from the above that no figures are mentioned. However, I have made it clear to the United Kingdom people, and they have agreed, that if I am pressed in the House on this point and feel that some mention of figures is unavoidable, I shall say that our understanding is that our exports of wheat to this market in 1950-51 will be not less than 100 million and not more that 120 million bushels. It has also been agreed that for this year, without prejudice to subsequent years, the U.K. will take 300,000 tons of flour, which represents 50,000 tons more than they have been holding out for.

6. If the above arrangement is confirmed in Ottawa on my return, a question will be asked the Chancellor in the House of Commons here on the results of recent Anglo-Canadian wheat talks, to which he will reply as follows:

"It is the hope of the Government of U.K. that they will be able to meet their requirements for dollar wheat from their traditional market in Canada within the IWA.

"This should be possible provided that such wheat can be purchased upon as favourable terms as those obtained by any other buyer in the dollar market whether in USA or Canada". Ends.

718. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], May 30, 1950

. . .

WHEAT; ARRANGEMENTS WITH THE UNITED KINGDOM

1. *The Minister of Trade and Commerce* reported on discussions held in London on the sale of wheat to the United Kingdom in 1950-51.

The discussions had dealt particularly with three questions: the quantity of Canadian wheat to be bought by the United Kingdom from Canada in 1950-51; the proportion of that quantity to be taken as flour; and the final settlement of any questions still outstanding under the "have regard to" clause of the 1946 wheat contract.

At the meetings, the United Kingdom [representative] had indicated that there would be no objection to his saying that he thought it was reasonable to assume that Canada would be able to sell 100 to 120 million bushels of wheat to the United Kingdom in 1950-51 at competitive International Wheat Agreement prices. This would include the carry-over of 12.5 million bushels bought under the terms of the four year contract. The grain trade felt that the figure was likely to be closer to 120 than to 100 million and, if the extraction rate in milling were reduced from 85% to 80%, a somewhat larger amount could be sold. The Chancellor of the Exchequer was willing to say that the U.K. Government hoped that they would be able to meet their dollar wheat requirements from their traditional market in Canada within the International Wheat Agreement and that this should be possible provided such wheat could be purchased on terms as to price, quality and position not less favourable than those obtained by any other buyer in the dollar market whether in the United States or Canada.

With regard to flour, the United Kingdom would be willing to take 300,000 tons in 1950-51, provided terms were competitive, on the understanding that this was without prejudice to a possible lower scale of purchases in 1951-52.

In connection with the "have regard to" clause, the United Kingdom were anxious not to be represented as having given assurances regarding wheat purchases in 1950-51 in return for the waiver of a claim by Canada under the "have regard to" clause. Nevertheless, in the context of these discussions, the United Kingdom felt that it would be reasonable that all obligations under the "have regard to" clause might be considered to have been taken care of. Mr. Howe had said that was a matter which could only be settled by the Cabinet on his return.

Final confirmation of the results of the discussions had been deferred until the Cabinet had an opportunity to consider the report concerning them.

2. *Mr. Howe* read a draft statement proposed for publication in the United Kingdom and Canada. It would indicate that the two Governments had agreed that the International Wheat Agreement removed the need for a contract to replace the one

which would expire on July 31st. It would also state that the U.K. Government had made clear that, out of its total wheat requirements in 1950-51, it expected to buy a large proportion in Canada which, apart from the special arrangements of the last four years, was, and it was hoped would remain, the traditional source of supply for the United Kingdom. It would add that the Canadian Government was satisfied that Canadian wheat growers would continue to find in the United Kingdom a market for a very substantial part of their exportable wheat. In response to a question, the Chancellor of the Exchequer would say that it was hoped that the United Kingdom would be able to meet its requirements for dollar wheat from the traditional market in Canada and that it would so be able to meet them if purchases could be made on terms not less favourable than those accorded other purchasers of wheat from the dollar area.

3. *The Minister of Agriculture* said that it was important that there should be no suggestion in any statement that the United Kingdom had not undertaken an obligation under the "have regard to" clause. Wheat producers in Canada would feel that, in view of the sales below world prices in the early years of the contract, there was an obligation toward them either by the United Kingdom or by the Canadian Government. It was possible that the feeling could be met by a supplementary payment of something of the order of five cents per bushel. The question was a difficult one and would have to be discussed further at a later date. It had to be recognized that the basis of arrangement laid Canada open to the danger of price cutting by the United States if the carry-over there became burdensome.

4. *The Minister of Finance* mentioned that, in recent months, the United Kingdom had been building up substantial dollar balances in Canada. These now amounted to approximately $189 million. In the circumstances, it seemed desirable to have further drawings against the U.K. credit deferred until the United Kingdom was in a position where the drawings were actually required. A proposal to that effect might be made through the U.K. High Commissioner. There would be no suggestion that the credit was to be terminated but only that the time of drawing should be altered in accordance with U.K. needs.

5. *The Cabinet*, after considerable discussion:

(a) noted with approval the report of the Minister of Trade and Commerce concerning discussions on wheat in the United Kingdom and agreed that arrangements be made for the immediate announcement of the results of the discussions in the terms proposed;

(b) agreed that further consideration of the "have regard to" clause be deferred to a subsequent meeting; and,

(c) approved the proposal of the Minister of Finance that it be suggested to the U.K. Government that drawings on its credit be deferred until it was in actual need of additional funds.

. . .

719. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], June 22, 1950

. . .

WHEAT PRICES; SETTLEMENT UNDER "HAVE REGARD TO" CLAUSE

3. *The Minister of Agriculture* reviewed the history of the Wheat Agreement with the United Kingdom. The basis of the arrangement had been that the price for the last two years of the contract should be settled having regard to the relationship between the contract price for the first two years of the contract and world wheat prices. In 1949, the United Kingdom had represented that the price should be the maximum set under the world wheat agreement, i.e. $1.80 (U.S.). It had been settled at $2.00 in recognition of the obligation under the "have regard to" clause and a price of $2.06 had been realized. It could, accordingly, be argued that the United Kingdom had paid 25¢ or 26¢ per bushel in that period under the clause, representing an amount of about $35 million. There had been various estimates, some considerably exaggerated, of the possible gains which producers had foregone as a consequence of the operation of the Wheat Agreement. From various premises, the extent of loss could be plausibly estimated at anything between $100 and $180 million. In the circumstances, it might well be claimed that there was still an amount due to wheat producers. Taking a minimum figure for price advantages foregone, the residual amount due might be set at about $70 million.

During the four years of the contract, there had been approximately 1.4 billion bushels of wheat over which any additional payments might be pro-rated. An additional 5¢ per bushel on that amount would equal approximately $70 million. With undistributed amounts still held against sales during the pooling period, a payment of this sort would bring the total of further payments to producers up to about 12¢ per bushel. Since it had been made clear at the time of the 1950 negotiations that the United Kingdom felt its obligation under the "have regard to" clause had been discharged, any further obligation toward the producers was one to be met by the Canadian Government.

4. *The Minister of Trade and Commerce* pointed out that, in offering and entering into the contract, a principal consideration had been the stability and security provided for wheat producers during its continuance. An attempt now to re-open the basis of arrangement would amount to a claim that because the insurance had not, in the event, been needed the premium should be refunded. It had been made clear during the 1950 discussions that the United Kingdom would not enter into any further arrangement with regard to wheat purchases unless it was definitely understood that the U.K. obligation under the "have regard to" clause had been settled. This matter had been discussed by the Cabinet on May 30th, 1950, who had acquiesced in this interpretation of the position as the basis of the new arrangements.

5. *The Minister of Finance* suggested that approval of any additional payment such as that proposed would amount to an admission either that the wheat contract

had been a bad one or that the Government had made an improvident arrangement in allowing the U.K. obligation to be considered settled. It was a proposal that would have to be carefully considered.

6. *The Cabinet*, after considerable discussion, deferred, to a subsequent meeting, decision on the proposal concerning a further payment to producers on wheat sales during the period of U.K. agreement.

720. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], June 23, 1950

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WHEAT PRICES; "HAVE REGARD TO" CLAUSE

3. *The Prime Minister*, referring to discussion at the meeting of June 22nd, 1950, said that dissatisfaction with the prices paid wheat growers under the Wheat Agreement was not likely to become acute as long as general prosperity was maintained at its present high level. However, a number of people had felt that they had been forced to take $1.55 for their wheat when world prices were considerably higher and that no substantial benefit had accrued to them in the last two years from the "have regard to" clause.

4. *The Minister of Finance* suggested that the United Kingdom might perhaps consider they had implemented the "have regard to" clause in view of the higher prices paid during the 1949 period and the stability provided by the Agreement. Too much emphasis was placed on the arithmetical aspects of the problem and if the United Kingdom adopted a reasonable attitude towards imports from Canada during the coming year, they could be said to have fulfilled their obligation under the "have regard to" clause.

5. *The Minister of Justice*, while agreeing with the points put forward by Mr. Abbott, suggested that, although the case against making any additional payment into the wheat pool might be a valid one, it was difficult to explain to the people concerned who would feel that when the time came for settling up account, the "have regard to" clause had not had the value expected of it.

6. *The Minister of Fisheries* suggested that there were a number of other groups in addition to the wheat grower who had been put in a somewhat similar position with regard to foreign markets, as a result of price control. It should not be forgotten, however, that the general policy of price control resulted in compensating advantages. It might be worthwhile having an economic and accounting study made of the whole position.

7. *The Cabinet*, after further discussion agreed that the question of settlement of the "have regard to" clause under the Wheat Agreement be deferred until a later meeting when the Minister of Agriculture was present.

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721. PCO/Vol. 161

Note du secrétaire du Cabinet pour le premier ministre

Memorandum from Secretary to Cabinet to Prime Minister

[Ottawa], June 26, 1950

If, having in mind all the circumstances of the United Kingdom wheat contract and not simply the construction of the "have regard to" clause, it is felt that some special supplementary assistance should be given to the western wheat growers, I think there is something to be said for trying to project such assistance forward into the future instead of providing it in the form of retrospective payments for years which, all things considered, were very good ones for western farmers.

In the first day's discussion of this question in Cabinet, Mr. Howe spoke about the wheat contract as a form of insurance against the risks of uncertain markets and unstable prices in the immediate post-war period. In the event, and thanks, among other things, to the United States and Canadian credits and the Marshall Aid programme, these specific risks did not materialize, at least for wheat. Not unnaturally, there is a feeling that the premium paid for a stable return and secure market by foregoing the speculative profits has turned out to be a pretty heavy one. Mr. Howe said, and correctly, that one does not ask for the refunding of fire insurance premiums simply because you have not had a fire. Nevertheless, there remains something, I think, in the argument that their very real interest in the United Kingdom wheat market was over-insured for the four years' period now ending.

Continuing the insurance analogy, I have been wondering whether it would not be better policy for the Government to offer to continue the coverage for the next crop year, 1950-51, instead of, in effect, refunding some part of the premiums paid over the four completed crop years. This would take the form of an offer to purchase this year's crop at, say, the ceiling price under the International Wheat Agreement. To the extent that world prices for 1950-51 fell below the ceiling, the Government would be incurring a loss on its guarantee. If world prices continue at the ceiling, there would be no loss and there would have been a real and substantial insurance on the wheat growers' return over the whole of the forthcoming year.

It seems to me that some such policy as this would be a logical and consistent completion of the Government's general wheat policy during the post-war years, and it might discourage the forensic arithmetic which the "have regard to" clause has provoked. It would tend, I think, to keep world wheat prices nearer the ceiling of the Wheat Agreement than they might otherwise be, and it would not require any supplementary estimate this year.

N.A. R[OBERTSON]

722. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], June 26, 1950

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WHEAT PRICES; "HAVE REGARD TO" CLAUSE

6. *The Prime Minister*, referring to discussion at the meeting of June 23rd, 1950 suggested that, rather than extend supplementary assistance to wheat growers for past deliveries made under the U.K. wheat contract, consideration might be given to guaranteeing a price for this year's crop at or near the ceiling price under the International Wheat Agreement.

(Secretary's note to the Prime Minister June 26, 1950)

7. *The Minister of Agriculture* suggested that if the Government were not prepared at this time to extend supplementary assistance to wheat growers for past deliveries made under the U.K. wheat contract, it might be preferable to defer decision until consideration could be given to actual payments at the end of the wheat pool year.

8. *The Cabinet*, after further discussion, deferred decision, pending further consideration, on requests for supplementary assistance to wheat growers for deliveries made under the U.K. wheat contract.

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723. PCO

Extrait des conclusions de Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], September 1, 1950

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WHEAT PRICES; SETTLEMENT OF "HAVE REGARD TO" CLAUSE

7. *The Minister of Agriculture*, referring to discussion at the meeting of June 26th, said that he was still of the opinion that some additional payment should be made to wheat producers in respect of the losses they might be considered to have suffered under the Wheat Agreement with the United Kingdom. If this was to be effected before the end of the year, a vote of monies from Parliament would be required and would have to be sought at the present Special Session. If such a course were not considered desirable, an announcement might be made that the matter was still under consideration.

8. *The Prime Minister* said that the Special Session had been called for very specific purposes. No announcement on the question of an additional payment to wheat producers should be made at present, beyond a statement that the matter would not be considered at the Special Session.

9. *The Cabinet*, after discussion, agreed that no announcement be made concerning consideration of an additional payment to wheat producers under the U.K. contract, beyond a statement that the matter would not be considered at the present Special Session of Parliament.

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SUBDIVISION II/SUB-SECTION II

COMITÉ PERMANENT CANADA-ROYAUME-UNI
CANADA-UNITED KINGDOM CONTINUING COMMITTEE

724. PCO

Extrait du procès-verbal de la réunion du Comité interministériel sur la politique du commerce extérieur

Extract from Minutes of Meeting of Interdepartmental Committee on External Trade Policy

SECRET [Ottawa], June 2, 1950

Present

Mr. N.A. Robertson, Secretary to the Cabinet (Chairman)
Dr. W.C. Clark, Deputy Minister of Finance,
Mr. J.G. Taggart, Deputy Minister of Agriculture,
Mr. M.W. Mackenzie, Deputy Minister of Trade and Commerce,
Mr. J.E. Coyne, Deputy Governor of the Bank of Canada,
Mr. David Sim, Deputy Minister of National Revenue,
Mr. H.B. McKinnon, Chairman of the Tariff Board.
Mr. R.G. Robertson, Privy Council Office (Secretary)

Also Present

Mr. J.V. Clyne, Chairman, Canadian Maritime Commission,
Mr. Alex Skelton, Assistant Deputy Minister of Trade and Commerce,
Mr. J.J. Deutsch, Department of Finance,
Mr. T.N. Beaupré, Department of Trade and Commerce,
Mr. C.M. Isbister, Department of Trade and Commerce,
Mr. A.F.W. Plumptre, Department of External Affairs,
Mr. W.J. Matthews, Department of Transport,
Mr. W.J. Fisher, Canadian Maritime Commission.

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III. U.K.-CANADA CONTINUING COMMITTEE; MEETING OF JUNE 19

7. *The Deputy Minister of Trade and Commerce* said that during his recent visit to London it had appeared that the United Kingdom officials were anxious to have the meeting of the Continuing Committee that had been tentatively planned. The time seemed a suitable one at which to attempt to get some arrangement in relation to the British West Indies and for general reasons it seemed important to accept the invitation.

The principal items for the agenda would be the review of the balance of payments; a consideration of U.K. prospects for selling in Canada; the Canadian trad-

ing position in relation to the British West Indies; and the United Kingdom import programme for 1950-51.

In connection with the West Indies, an attempt was being made to prepare definite proposals to put before the United Kingdom. One possibility might be to have open general licenses provided for basic items, such as codfish, potatoes, flour and lumber. A different approach would be needed in relation to manufactured goods. Related to this discussion would be the question the United Kingdom had raised concerning liberalization of trade between O.E.E.C. countries and the colonies generally. It would be desirable if U.K. steps in relation to such liberalization could be held off until the Committee met.

As a part of the discussion of U.K. prospects for selling in Canada, there should be discussion of dumping duties. The Minister of Trade and Commerce had indicated while in London that it seemed probable that Canada would have to remove the present waiver. The United Kingdom would be expecting a definite statement on our policy. One possibility that might be considered, although there seemed to be legal difficulties, was that of a conditional waiver of dumping duty. There might be a provision to the effect that dump should not apply to products sold in Canada at a price below the domestic market price in the country of origin, if the export price to Canada was not less than the general export price. Another possibility might be to remove the waiver of dump on everything except automobiles. Perhaps it could be indicated that the waiver would be left in respect of cars until the exchange restrictions on automobile imports from the United States were removed.

8. *The Deputy Minister of National Revenue* thought that the suggested formula for a conditional waiver of dumping duty would not be practicable. It seemed clear that some action would have to be taken, and the best procedure might be to remove the waiver on everything except automobiles, as proposed.

9. *The Chairman* suggested that it might be desirable to explore the possibility of having the Dollar-Sterling Trade Board follow up cases in which dumping duty would now be applicable, in order to remove the circumstances that required a waiver. It would be much easier to eliminate the present waiver if it were actually inoperative.

10. *The Deputy Minister of Trade and Commerce* mentioned that other matters for discussion at the Continuing Committee might be the question of sales of codfish to the Mediterranean area for sterling, and the probability of further relaxation of import controls in Canada. In connection with the latter, it seemed desirable to warn the United Kingdom that such relaxation was forthcoming.

11. *The Committee*, after considerable discussion,

(a) noted the report of the Deputy Minister of Trade and Commerce concerning the agenda for the meeting of the U.K.-Canada Continuing Committee; and

(b) agreed that a memorandum on dumping duties be prepared by the Department of Trade and Commerce for circulation to the members of the Committee.

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725. PCO

Note du chef du Comité interministériel sur la politique du commerce extérieur pour le Cabinet

Memorandum from Chairman, Interdepartmental Committee on External Trade Policy, to Cabinet

CABINET DOCUMENT NO. 165-50 [Ottawa], June 13, 1950

RESCINDING OF WAIVER OF DUMPING DUTIES

1. The Interdepartmental Committee on External Trade Policy at its last meeting discussed the policy recommended in the attached memorandum. It was felt that a number of considerations should be placed before the Cabinet at the time the memorandum is under discussion.

2. It was felt by some members of the Committee that there were important considerations in relation to the general context and timing of action on dumping duties which were apart altogether from the specific merits of such action. Rescission of the waiver of dumping duties as an isolated action might be interpreted as a reversal of the general policy of assisting U.K. exports to Canada. While the U.K. government may understand the reasons for the action, U.K. manufacturers may regard it as a move to frustrate the efforts they have made and Canadian manufacturers may see it as a tendency toward domestic protection. It would have some tendency to firm prices at their present levels. A further factor is that in the United States a real effort is at present gaining ground to have a more constructive policy taken in assisting imports from abroad. It would be unfortunate if action by Canada should give comfort to elements in Congress and U.S. industry seeking to maintain or increase protection.

3. In the light of these considerations, it was suggested that as a matter of timing it might be preferable to take any action at the same time as tariff revisions resulting from the Torquay meetings are announced. After those discussions, there may be some downward revision in Canadian tariffs on certain U.K. imports. Action on dumping duties would be less noticeable and have a less pronounced appearance if taken in that context.

4. On the other side, it was pointed out in the meeting that the final results of the Torquay discussions might not be available for announcement for at least a year. That might be too long to retain the present anomalous position. Moreover, it was argued that U.K. sales in Canada are doing very well at the present time and that relatively minor price adjustments would enable British sales to continue. Where losses in U.K. trade do result, they will be a small part of the gains which have recently been made. It was felt that the U.K. government already understood that such action might be taken and the reasons for it.

5. So far as the proposal to leave the waiver with respect to automobiles is concerned, the Committee recognized that this could be represented as an extension of discrimination against the domestic automobile industry. On the other hand, it was thought that the exception could be justified on the ground that motor cars are in a

unique position. They represent a case in which the domestic U.K. market is being deliberately starved and in which high prices are being purposely attached to the small fraction of output sold domestically. The normal standards with regard to dumping duty do not apply and the true criterion is whether export prices to Canada are less than export prices generally.

6. So far as concerns the present effect of the waiver of dumping duties on Canadian producers, it was felt that it would be difficult to show cases in which real injury was being sustained at the present time.

N.A. ROBERTSON

[PIÈCE JOINTE/ENCLOSURE]

Note du ministère du Commerce pour le Cabinet

Memorandum from Department of Trade and Commerce to Cabinet

SECRET [Ottawa], June 13, 1950

RESCINDING OF WAIVER OF DUMPING DUTIES

1. Under the authority of Subsection II of Section VI of the Customs Tariff, P.C. 3550, dated August 9, 1948, and subsequent related Orders in Council, exempted the following goods from the special or dumping duty:

Motor vehicles, except those adapted for passenger use with a seating capacity for more than ten persons;
Linoleum and Oilcloth;
Confectionery;
Sanitary Earthenware;
Sporting Equipment, including golf and tennis balls, golf clubs and bags, tennis racquet frames, fishing tackle and roller skates;
Soda ash;
Cocoa butter and cocoa and chocolate preparations in powder form;
Lawn Mowers;
White Portland Cement;
Common and Colourless Window Glass.

The exemptions were applicable to all countries, but were made to assist British goods to compete in this market at a time when their prices, at then current exchange rates, were seriously interfering with the United Kingdom's attempts to divert exports to North America. The list was intended to cover those items on which it appeared that dumping did exist in the sense in which it is legally defined, but merely as a result of the premium prices caused by limited supply on the home market. The list did not, however, include such items as cotton textiles, radios, and others, which could have been dumped in the true sense of the word by the United States or other suppliers. It was decided to include automobiles only because of the existence of quantitative import controls in Canada.

2. Since devaluation of the pound sterling, British exporters have been able to sell some of the exempted commodities in Canada without violating the dumping provisions of our Customs law. Others are on the border line, but an important volume is, in fact, being sold at values substantially below the home market price in the United Kingdom. There remains, therefore, an element of dumping which does adversely affect Canadian production. This gives rise to protests that the present exemptions in our dumping duty laws give the British unfair competitive advantages, and that because the list is limited it discriminates against a selected number of Canadian industries. The publicity given to these protests may well have an adverse effect on the continued Canadian support of the overall British export drive. The waivers of dumping duty were never intended to be anything other than a temporary expedient, and the question of rescinding the respective Orders in Council is really one of timing.

3. At the present time, the suspension of the dumping clause provides British exporters with only limited advantages. In the case of automobiles, the exporters of those cars which comprise the greatest volume of exports to Canada, and which are most likely to become a permanent feature of this market, would only have to make minor changes in their pricing (in two cases less than 1 per cent of selling price) in order to avoid the technicality of dumping. Cocoa butter, cocoa and chocolate preparations in powder form are undoubtedly being dumped, but the price is fixed by the British Ministry of Food and it should be possible to make sufficient adjustments so that dumping would not be necessary.

4. In view of all the circumstances, the questionable value of some of the waivers, the undoubted discrimination against some Canadian manufacturers, and, indeed, the improved position of the United Kingdom generally, it seems desirable that the trade in these commodities between the two countries should now be brought on a more permanent basis than having it depend on special concessions.

5. This has been explained on a number of occasions to the British — particularly on the occasion of the recent visit of the Minister of Trade and Commerce. The British have asked that this question be discussed at the forthcoming meeting of the United Kingdom-Canada Continuing Committee on Trade and Economic Affairs. They fear that the rescinding of the Orders in Council may be misunderstood by British exporters, in that they might gain the impression that, as soon as they showed signs of real progress in selling in this market, obstacles would be placed in their way.

6. Notwithstanding the British view, it is believed that, with the assistance of the Dollar Export Board in the United Kingdom and the Dollar Sterling Trade Board in this country, most of the exporters concerned can be persuaded so to adjust their affairs that the rescinding of the Orders in Council will have little practical effect, and that the psychological problem can be minimized. For this purpose some period of notice of discontinuance of the waivers may be necessary as an indication of good faith, and advice to these Boards of the Department of National Revenue's willingness to examine individual cases may be important. Automobiles, of course, are the most important item in the list.

7. It is, therefore, recommended that the Canadian delegation to the United Kingdom-Canada Continuing Committee on Trade and Economic Affairs, scheduled to meet in London on June 19, be instructed, when discussing dumping duties, to advise the United Kingdom representatives that:

(a) with the exception of motor vehicles, it is the Canadian Government's intention to rescind the waiver of dumping duties on all other commodities at present listed, within the next three months;

(b) in the case of motor vehicles, the Government's intention is that the present waiver will be continued for the next twelve months (i.e. to June 30, 1951) or until quantitative restrictions are removed on the import of automobiles from the United States, whichever may be the sooner. This would be conditional upon a responsible undertaking from the United Kingdom that the selling prices of their automobiles to purchasers in Canada will not be less than the average of the prices at which vehicles of each model are currently being exported to all countries.[37]

726. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], June 14, 1950

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RESCINDING OF WAIVER OF DUMPING DUTIES

10. *The Minister of Trade and Commerce*, referring to discussion at the meeting of June 13th, 1950, pointed out that the United Kingdom-Canada Continuing Committee on Trade and Economic Affairs was scheduled to meet in London on June 19th. The Canadian delegation would require instructions on the question of dumping duties which would be up for discussion.

11. *The Cabinet*, after discussion, agreed that the Canadian delegation to the United Kingdom-Canada Continuing Committee on Trade and Economic Affairs be instructed, when discussing dumping duties, to advise the U.K. representatives that:

(a) with the exception of motor vehicles and common and colourless window glass, it was the Canadian Government's intention to rescind the waiver of dumping duties on all commodities at present listed, within the next three months;

(b) in the case of motor vehicles, the Government's intention was that the present waiver be continued for the next twelve months (i.e. to June 30th, 1951) or until quantitative restrictions were removed on the import of automobiles from the United States whichever might be the sooner. This would be conditional upon a responsible undertaking from the United Kingdom that the selling prices of their automobiles to purchasers in Canada would not be less than the average of the

[37] Le Cabinet a reporté sa décision lors de sa réunion du 13 juin 1950.
Cabinet deferred decision at its meeting of June 13, 1950.

prices at which vehicles of each model were currently being exported to all countries.

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727. PCO

Extrait du procès-verbal de la réunion du Comité interministériel sur la politique du commerce extérieur

Extract from Minutes of Meeting of Interdepartmental Committee on External Trade Policy

SECRET [Ottawa], June 29, 1950

Present:

Mr. N.A. Robertson, Secretary to the Cabinet (Chairman)
Dr. W.C. Clark, Deputy Minister of Finance,
Mr. J.G. Taggart, Deputy Minister of Agriculture,
Mr. M.W. Mackenzie, Deputy Minister of Trade and Commerce,
Mr. J.E. Coyne, Deputy Governor of the Bank of Canada,
Mr. H.B. McKinnon, Chairman of the Tariff Board.
Mr. R.G. Robertson, Privy Council Office (Secretary)

Also Present

Mr. J.J. Deutsch, Department of Finance,
Mr. L.E. Couillard, Department of External Affairs,
Mr. C.M. Isbister, Department of Trade and Commerce,
Mr. D. Harvey, Department of Trade and Commerce,
Mr. A.S. Duncan, Department of Trade and Commerce,
Mr. Ian McArthur, Department of Fisheries.

I. UNITED KINGDOM-CANADA CONTINUING COMMITTEE ON TRADE AND ECONOMIC AFFAIRS; REPORT ON LONDON DISCUSSIONS

1. *The Committee* heard a report from the members of the Canadian delegation to the meeting of the U.K.-Canada Continuing Committee on matters that had been under discussion.

(A) U.K. BALANCE OF PAYMENTS

2. *Mr. Deutsch* said that the U.K. representatives had given a very favourable estimate of the U.K. balance of payments for 1950. For the second quarter, the sterling area was in surplus with every area in the world. It appeared that for the first half of 1950 the balance would be even more favourable than the optimistic estimate that had been made a month or two previously. So far as trade with Canada was concerned, the sterling area had been pretty well in balance for the last two or three months and U.K. officials were of the opinion there was no reason why the balance should not continue. The present estimate was that the sterling area deficit with Canada for the current year would amount to about $56 million.

(B) U.K. SALES IN CANADA

(i) *Rescission of Waiver of Dumping Duties*

3. *The Deputy Minister of Trade and Commerce* said that the U.K. officials had been informed that action to remove the waiver of dumping duties would be required in the near future. A programme had been discussed along the lines approved by the Cabinet. The U.K. representatives seemed satisfied with the proposal to continue the waiver of dumping duties on motor vehicles for a further year or until restrictions against U.S. imports were removed, the continuance being on condition that U.K. selling prices to Canada were not less than the average export prices to other countries. In the case of cocoa and chocolate, the U.K. had asked that the waiver be continued until October 1, by which time it was expected that cocoa buying would be back in the hands of the private trade. There had been a wide disparity between selling prices to Canada and for domestic consumption in the U.K. but the prices were being adjusted.

So far as other items were concerned, the U.K. members did not seem particularly disturbed at the intimation that the waiver would have to end. It had been indicated that this would probably take place within about three months. The U.K. would like three weeks' notice of any changes. They would prefer that the rescission take place in stages rather than all at once. This would tend to prolong criticism and an alternative proposal might be to hold up all action until October 1, and then act in respect of all classes of goods.

4. *The Chairman* pointed out that the approval by the Cabinet had extended only to the statement which the Canadian delegation made to the U.K. representatives. The Cabinet had not as yet approved any specific action on the removal of the special dumping duty provisions.

(ii) *Relaxation of Emergency Import Restrictions*

5. *The Deputy Minister of Trade and Commerce* said that the meeting had been informed that the present prohibited list would probably be eliminated and that textile and leather quotas would be abolished. Other general changes had been outlined. The U.K. representatives expressed no concern about possible modifications in Schedules I and II. In the case of Schedule III, the items that might be removed from control had been presented in three lists:

(a) a number of items in respect of which the controls were not effective;

(b) several items manufactured in Canada where there was some element of protection;

(c) certain items where the controls had been of value to the United Kingdom in diverting purchases from United States to United Kingdom suppliers.

The U.K. group were not much interested in proposed changes effecting lists (a) and (b), but in the case of (c) they indicated several items on which they would prefer to see controls remain. It was proposed to prepare a composite list in the light of the discussion. The Departments of Finance and Trade and Commerce would consult on timing. It seemed probable that the announcement should be made before the Torquay meeting but it would be administratively convenient to

have the changes effective as from October 1. The proposed amendments would affect about 40 per cent of all the items in Schedule III.

(iii) *Purchases under Canadian Government Contracts*

6. *The Deputy Minister of Trade and Commerce* said that the U.K. delegation had been informed of the change in government policy as set out in Cabinet Directive No. 16. They had indicated their appreciation for the action taken.

(iv) *Export Incentives to Individual Firms*

7. *The Deputy Minister of Trade and Commerce* said that there did not seem to be any very great push in the U.K. behind an incentive plan. Various departments took rather different views on proposals that had been made. It was quite possible that the United Kingdom might ultimately give approval to one or another scheme that would show promise of producing an increase in earnings of U.S. dollars.

(C) TRADE BETWEEN CANADA AND COLONIAL TERRITORIES

8. *The Deputy Minister of Trade and Commerce* said that the delegation had submitted a number of proposals relating to Canadian trade with the British West Indies. The original proposal had been for open general licenses to be issued on a broad list of staple products. The U.K. representatives had felt that the use of open general licences would have to be considered on the basis of the sterling area as a whole and not in relation to the B.W.I. alone. It seemed that they were moving toward a policy of this sort for a selected list of items but they were not ready to take action as yet. Accordingly, a second plan had been presented by the Canadian delegation relating to the principal manufactured items entering into trade with the B.W.I. It was proposed that each customs area issue permits to Canadian exporters on a minimum basis of one-third of the average exports of each individual in the period 1946-48. These were the years of highest trade between Canada and the B.W.I. The plan of operation would be for the Department of Trade and Commerce in Ottawa to issue documents affirming the average level of export in the base period for individual exporters on the basis of which the relevant import controllers would issue the necessary permits. There were some cases at present where individual exporters were already getting licenses for more than one-third of their exports in the base period. These would not be disturbed by the formula which established only a minimum. The U.K. officials had agreed to the general lines of this proposal.

With regard to staple items other than flour and salt fish, the Canadian delegation had proposed that token imports be allowed on the basis of 50 per cent of average sales from 1946 to 1948. The principal items of concern were canned fish, canned meat, lumber, paper, fertilizers and feeding stuffs. The token arrangements would have to be extended to the United States and this led to special treatment for textiles. Consideration was being given to an arrangement by which a token import plan for textiles would be established at a rate less than 50 per cent — possibly 20, 15 or 10 per cent.

The general basis of understanding was that a comprehensive programme along the above lines would be adopted if, on examination, it was considered that the total cost of the plan for B.W.I. imports (from both Canada and the United States)

would not exceed $6 million. The cost was to be calculated as the difference between probable movements under the three part arrangement less the cost of like goods moving during the 12 months ending June 30, 1950. This did not mean that $6 million was a ceiling on the total of Canadian and U.S. exports to the B.W.I. under the new arrangements. It was simply a formula for estimating whether the general plan should be adopted. The Department of Trade and Commerce thought that the plan would come within the cost limit that had been set. There could be no announcement until discussions with the B.W.I. and United States had been completed but it was hoped that an outline of the plan might emerge quite soon.

So far as flour was concerned, the U.K. representatives gave a general assurance that there would be no greater degree of restriction than at present. Flour was moving satisfactorily. In the case of salt fish, the issuance of open general licenses had been ruled out. It seemed probable that approval would be given to the issuance of licenses for dollar imports of salt fish to an amount between $3.5 and $4.5 million. The upper figure would allow a movement about equal to that taking place currently.

There had also been discussion of the proposal that the United Kingdom extend the arrangement that had been in effect for 1949 output from Newfoundland under which sales of salt cod to Spain, Portugal, Italy and Greece were allowed for sterling, the sterling being applied against the Newfoundland debt. The Canadian delegation had asked that sales for sterling to the amount of $6 million be allowed. It seemed probable that the United Kingdom would approve some smaller figure, possibly about $4 million. The matter was highly controversial and no announcement whatever could be made until definite decisions had been taken in the United Kingdom.

It had been generally intimated that, if the various arrangements with regard to Canadian trade with the B.W.I. were carried out, we would give agreement to the proposed measures for liberalization of trade between the Colonial territories and O.E.E.C. countries.

(D) U.K. PURCHASING PROGRAMME, 1950-51

9. *The Deputy Minister of Agriculture* said that the United Kingdom had been planning for a considerable shortfall in Canadian deliveries under the current bacon contract. They had been informed that it was to be expected that the entire contract amount would be delivered — most of it toward the end of the year or early in 1951. One U.K. suggestion concerning this had been that late deliveries of bacon be held up until March or April of 1951. It seemed clear that the United Kingdom would be prepared to enter into a contract for about the same amount in 1951. The United Kingdom wished to secure all the cheese that could be made available and there would definitely be a contract for 1951. It seemed quite probable that there would also be some purchases of apples. The U.K delegation had raised the possibility of another dollar-for-dollar arrangement but it had been indicated that this would probably not be possible.

10. *The Deputy Minister of Trade and Commerce* said it had been suggested that if, in view of the favourable development of U.K. exports to Canada, some additional purchases in Canada were justified it would be helpful if apples, honey and

other small food items could be considered. Indications of increase in U.K. purchases did not mean that they were abandoning their $1200 million import programme. In many instances, there were real difficulties about availabilities and the full amount the United Kingdom wished to buy would not be forthcoming — items such as zinc, newsprint, asbestos and lumber were among these. It appeared that there would be a large order for Maritime lumber and that some Newfoundland iron ore would be bought both in 1950 and 1951.

11. *The Committee*, after considerable discussion, noted the report of the delegation concerning items under discussion at the meeting of the U.K.-Canada Continuing Committee on Trade and Economic Affairs.

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728. DEA/10364-40

Le haut-commissaire du Royaume-Uni au ministre des Finances

High Commissioner of United Kingdom to Minister of Finance

[Ottawa], July 6, 1950

Dear Mr. Abbott,

NEWFOUNDLAND CODFISH

During the recent meeting of the Continuing Committee in London, agreement was sought by the Canadian members of the Committee to the continuance for the 1950 catch of the special arrangements applying to the 1949 catch for the sale of Newfoundland codfish to Mediterranean countries for sterling. The amount involved for the 1950 catch was estimated at the equivalent of $6 million.

It will be recalled that the arrangements for the 1949 catch were only agreed to by my Government as a special measure of transitional assistance to Newfoundland, with the clear understanding that they would apply only to the 1949 catch and that their continuance would not be sought in future years. This understanding was set out in my letter to Dr. Clark of the 30th November, 1948, and was again rehearsed in a further letter to him of the 31st January, 1950.†

Against this background, the request put forward by the Canadian members of the Committee naturally caused some concern to the United Kingdom representatives — running counter, as it did, to the understanding previously reached. In view, however, of the difficulties stressed by the Canadian side in this matter, the United Kingdom members agreed to submit the proposal to United Kingdom Ministers for consideration.

The question has now been considered by Ministers in the light of the discussions at the Committee and of our general financial relations with Canada; and I am glad to be able to inform you that in deference to the request of the Canadian Gov-

ernment Ministers have agreed that the existing arrangements should be continued for a further year subject to a limit of $6 million.

It is understood that the administrative arrangements will be the same as in previous years.

In communicating this information to you I have been asked to stress that the agreement of my Government is for one year only, i.e. relates only to the 1950 catch. While the difficulties of the Canadian Government are appreciated, it appears to my Government that what is needed is some alternative and more permanent solution of the problem which would not involve the United Kingdom in eventual loss of dollars. Now that Newfoundland forms part of Canada, the onus for devising such a solution would seem to rest with the Canadian authorities. Accordingly, it is suggested that the matter might appropriately be discussed further at the next meeting of the Continuing Committee, in the hope that it may then be possible for the Canadian members to put forward proposals which would place matters on a mutually acceptable basis for the future.

Yours sincerely,

ALEC CLUTTERBUCK

729. DEA/10364-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1380 London, July 18, 1950

CONFIDENTIAL

SCHEME FOR TOKEN IMPORTS INTO THE BRITISH WEST INDIES

Sir Henry Wilson Smith informed me yesterday that the officials concerned had recommended and cleared with their own Ministers the scheme for token imports into the British West Indies, along the lines discussed at the recent meeting of the Canada-United Kingdom Continuing Committee. The scheme would cover imports of codfish but the recommendation respecting codfish still had to be cleared with the Secretary of State for Scotland. This was expected in the next day or two, whereupon we could be advised and the scheme would be notified officially to the Canadian Government through Clutterbuck.

730. DEA/10364-40

Le secrétaire aux finances du haut-commissariat du Royaume-Uni au chef de la Direction économique

Secretary (Finance), High Commission of United Kingdom, to Head, Economic Division

Ottawa, August 1, 1950

Dear Mr. Plumptre,

UNITED KINGDOM-CANADA CONTINUING COMMITTEE — SALES OF FISH TO BRITISH WEST INDIES

The Minutes of the Fourth Meeting of the United Kingdom-Canada Continuing Committee in London on 23rd June† record, on pages three and four, some discussion on Canadian sales to the West Indies of dried, pickled and salted fish. You will remember that it was agreed not to include fish in the token imports scheme, but the United Kingdom side agreed to consider further the representations made by the Canadian side about the restrictive policy of certain of the West Indies Governments in admitting Canadian fish, and then to communicate to the Canadian Government the result of their consideration.

As a result of the enquiries they have made of the West Indies governments concerned, the United Kingdom Government have now decided to tell these Colonial Governments that their import policy in regard to fish from Canada may in future be dictated purely by commercial considerations, and that the United Kingdom Government do not wish them to discriminate against Canadian fish to their own commercial disadvantage.

It appears that the Colonial Governments in the West Indies expect their imports from Canada of dried, pickled and salted fish in 1950 to amount to about $4.5 million. The reduction which this figure represents on the value of the 1949 imports arises almost entirely from price considerations.

As was mentioned during the Continuing Committee meetings, there has been considerable pressure in the United Kingdom for support of the home fishing industry in relation to the West Indies market. Against the background of this pressure, the United Kingdom Government have asked the Governor of Jamaica, who is reported to be negotiating a contract with Canadian suppliers covering the year August, 1950, to July, 1951, to consider confining the proposed contract to the rest of 1950 only, in order to give United Kingdom suppliers an opportunity of competing on a purely commercial basis for 1951.

Yours sincerely,

G.P. HAMPSHIRE

SUBDIVISION III/SUB-SECTION III

PAPIER DE JOURNAL
NEWSPRINT

731. DEA/8199-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 123 London, January 20, 1950

CONFIDENTIAL. IMPORTANT.

Reference: Newsprint

1. Following letter, dated January 19, has been received from George Goyder, British International Paper Limited, addressed to the High Commissioner. Letter begins:

The Newsprint Supply Company saw the President of the Board of Trade on Monday and were informed officially of the Government's decision to import no Canadian newsprint to Britain during the first six months of 1950.

The press take a poor view of this decision and are informing the public of their views over this week-end. I believe a great deal of unnecessary ill-will both in Canada and in England would be avoided by an arrangement to make token shipments until such time as the newsprint contracts can be resumed. It will be difficult to avoid the reaction that England has run out on an obligation in view of the fact that sufficient dollars have been found to purchase a very considerable quantity of pulp for the British paper mills in 1950.

I attach a cable which I received from Mr. Doane[38] on Monday and which the newspapers read to Mr. Harold Wilson.

So far as the newspapers and the Canadian mills are concerned I am sure you will understand the matter cannot be considered closed. Letter ends.

2. We assume that you have received from Mr. Doane text of his cable referred to above.

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[38] Richard Congdon Doane, vice-président de l'International Paper Company et directeur de la Canadian International Paper Company.
Richard Congdon Doane, Vice-President of International Paper Company and Director of Canadian International Paper Company.

732. DEA/8199-40

Le sous-ministre du Commerce
au chef de la Direction économique

Deputy Minister of Trade and Commerce
to Head, Economic Division

Ottawa, January 25, 1950

Dear Mr. Plumptre:

Thank you for sending me copies of Telegrams No. 123 and No. 142† from London, dated January 20th and 23rd respectively, concerning newsprint.

I have been unable to trace a copy of the text of Mr. Doane's cable, but believe it safe to assume that it covers the same ground as Goyder's letter quoted in Telegram No. 123.

Our Commercial Secretary in London cabled me several days ago on the question of giving support to token imports of Canadian newsprint, to which I replied as follows on January 14th:

"We are naturally anxious to do anything we can to assist in maintaining token newsprint shipments but find great difficulty in suggesting any positive action that we can take. We have a number of equally troublesome situations, i.e., pitprops, codfish, seal oil, etc., and I feel it is most important that we should not take any action which suggests to the British that we are asking them to help us out of a problem. We can only press in respect of the broader interests of the continuation of our mutual trade, and in this regard I think we have gone about as far as we can. We are not prepared to suggest or agree to diversion of funds from other commodities. Believe it would be preferable for newsprint supply company to make their own representations but rely on your good judgment to accompany Goyder or not as you see fit."

I feel that there is no need for any further action on our part.

Yours faithfully,

M.W. MACKENZIE

733. DEA/8199-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2074 London, October 28, 1950

CONFIDENTIAL. IMPORTANT.

SUPPLIES OF CANADIAN NEWSPRINT FOR UNITED KINGDOM REQUIREMENTS

1. At a social gathering a few days ago Mr. Harold Wilson, President of the Board of Trade, spoke to me briefly and said he would like to have a talk with me in the near future on the subject of newsprint. His secretary has now telephoned to invite me to lunch with Mr. Wilson on Tuesday, October 31st, and stated that Lord Rothermere[39] would also be present.

2. From what I have heard, I believe the intention is to see in what manner the Canadian Government could bring pressure to bear on the Canadian newsprint companies to supply the Untied Kingdom requirements for the near future in view of the critical situation of supplies in this country at the present time. Connected with this will be the re-establishment of the former contract on a firm basis.

3. The details will only become clear after I have had my talk with Mr. Wilson and Rothermere, but it would be very useful for the purpose of this talk if I could have some preliminary guidance as to the attitude I should adopt towards this approach for Canadian Government intervention in what hitherto has been a matter of discussion between the Newsprint Supply Company and the Canadian producers.

734. DEA/8199-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 1674 Ottawa, October 30, 1950

CONFIDENTIAL. IMPORTANT.

Your No. 2074 of October 28 — Supplies of Canadian Newsprint to United Kingdom.

1. We have consulted Mackenzie.

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[39] Le deuxième vicomte Rothermere, président de l'Associated Newspapers Ltd., Royaume-Uni.
Second Viscount Rothermere, Chairman, Associated Newspapers Ltd., United Kingdom.

2. You will recall that when the former contract was under consideration the Canadian Government brought some pressure on Canadian newsprint companies to supply the United Kingdom. When the United Kingdom went back on this contract their action was not only very upsetting to the companies but also embarrassing to the authorities in Ottawa.

3. Accordingly it is not considered that the Canadian Government is in any position to bring renewed pressure on the companies. If an official approach were made to them they would no doubt ask us to decide which of their present customers in the United States should receive reduced supplies. There is no authority for allocating exports of newsprint. It is, to say the least, very doubtful whether Ministers would wish to introduce any form of allocation or indeed to make a renewed approach to the Canadian companies in view of what happened to the former contract.

4. In short the United Kingdom authorities will have to try to make their peace with the Canadian companies. It is doubtful whether any pressure from the Canadian authorities would be helpful even if it were forthcoming, which is extremely unlikely.

735. DEA/8199-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2084 London, October 31, 1950

CONFIDENTIAL

Your telegram No. 1674 of October 30th — supplies of Canadian newsprint to the United Kingdom.

1. Your telegram was very helpful and enabled me to take a fairly definite line when I had luncheon today with Mr. Harold Wilson, President of the Board of Trade. Lord Rothermere was the only other guest, and he was present in his capacity of Director of the Newsprint Supply Company.

2. Mr. Wilson and Rothermere outlined to me the desire of the Newsprint Supply Company to place a contract for 400,000 tons with Canada, delivery to extend over the three years up to the end of 1953. The present situation in the United Kingdom is serious, and stocks have never been so low, most newspapers having only a few weeks' reserve stocks on hand. For this reason the Newsprint Supply Company is anxious to obtain as much Canadian newsprint as possible in 1951, but Lord Rothermere realizes that none could be made available during the first six months of the year. The object of the three-year contract, however, would be to give the Canadian mills assurance of a market over a reasonably long period. The United Kingdom Government has agreed to make dollars available for the purchase of 400,000 tons of newsprint from Canada over the three-year period, and as Mr. Wil-

son pointed out, this is the first time the Treasury have ever committed themselves to the release of dollars for so long a period in advance for the purchase of an import commodity.

3. Lord Rothermere is leaving for Canada on November 16th, but before [then a] preliminary approach will be made by the Newsprint Supply Company to the Canadian mills.

4. Mr. Wilson requested that the Canadian Government should indicate to the Canadian mills that they would like to see the United Kingdom obtain the quantity of newsprint indicated, and more particularly that the requirements of the short term should be met. I told Mr. Wilson that from what I knew of the attitude of the Canadian Government, they would be most reluctant to intervene in any way in this matter, which they considered to be one for the Newsprint Supply Company to negotiate with the Canadian mills, giving the Canadian mills such assurances regarding availability of dollars as they might be able to obtain from the United Kingdom Government. Mr. Wilson reminded me that last year when the contract had been cancelled, the Canadian Government had shown a great interest. I replied that it was a very different thing to express concern over the cancellation of a contract than to become involved in negotiations for a new contract which could be left entirely to the parties concerned, since the Canadian Government did not interfere in any way with exports of newsprint.

5. When he saw that I was adopting a firm attitude, Mr. Wilson said that he thought that all that would be necessary would be for Mr. Howe to put in a good word to the Canadian mills. I said that while I was sure Mr. Howe would be glad to see the United Kingdom obtain the quantity of newsprint in question on account of the importance which we have always attached to the United Kingdom market, I was sure that he would be reluctant to intervene in a matter of this kind, particularly as such intervention might be misinterpreted in other quarters and we would really have no control over subsequent developments.

6. Finally, Mr. Wilson said that the United Kingdom Government had decided to make an approach to the Canadian Government, and he wished to know if I had any objection to forwarding this request, or if I would prefer that it should be sent through Sir Alexander Clutterbuck. I told him that naturally I would pass on to Ottawa any message which he might care to give me, but that I could not hold out much hope of any action being taken by the Canadian Government. I was careful to state that this did not in any way imply lack of goodwill on the part of the Canadian Government since they were interested in the United Kingdom market for Canadian newsprint, but that in accordance with the policy of the Canadian Government and past experience with this particular commodity, they would feel that it was not appropriate for them to intervene. Mr. Wilson explained that the purpose of the luncheon was to talk over with me what approach might be made to the Canadian Government. He appreciated the frank way in which I had stated the probable attitude of the Canadian Government, and in the course of a few days he would send me a message which he would ask me to transmit to Ottawa.

736. DEA/8199-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2213 London, November 17, 1950

CONFIDENTIAL

My telegram No. 2084 of October 31st — supplies of Canadian newsprint to the United Kingdom.
Following is message which Mr. Harold Wilson, President of the Board of Trade, has requested me to pass to the Right Honourable C.D. Howe. Message Begins: Our newsprint situation has been steadily and seriously deteriorating. In July we were obliged by the falling off of supplies to reduce the size of newspapers from seven to six pages. Three weeks ago we were compelled to introduce tonnage rationing, which has had the effect of restricting circulation.

2. We recently placed orders for 100,000 tons of newsprint from Canada for the fourth quarter of 1950 and 1951, and of this 12,000 tons is already at sea. We hope to receive a further 25,000 tons by the end of March, without which our stocks would fall below 50,000 tons, an almost unworkable level.

3. We have also decided to authorize the allocation of dollars for the importation of a *further* 400,000 tons of Canadian newsprint between now and the end of 1953, if so much can be made available, and we have informed the Newsprint Supply Company that we will issue import licenses and make available the necessary foreign exchange for this amount. Part of this, if it were obtainable, would go to replenish stocks and part into current consumption. On stocks, for your confidential information, we should like for strategic reasons to get back to the 1939 level of 250,000 tons, which is five times more than the level to which our stocks may soon fall. On any calculation this stockpiling will take some years to achieve.

4. If a stock of this size should ever prove unnecessary for strategic reasons it could of course very easily be absorbed by increased consumption here — for which as you know there is plenty of scope — without detriment to our future import policy.

5. You will be aware that we were compelled in the past to restrict our purchases of Canadian newsprint, but I think that the Canadian Government fully understood the circumstances that forced us most reluctantly to take this decision. Now that the situation has improved we are anxious to resume and maintain our traditional purchases from Canada.

6. The proposal to increase our purchases by 400,000 tons has not yet been put to the Canadian mills. I am sending this message to you in the hope that you will feel able to give this matter most sympathetic consideration, and to lend your personal support to the efforts of the Newsprint Supply Company both to secure our immediate needs of newsprint and also satisfactory long term contracts up to the end of

1953. At the present time in particular we feel that it is most important to keep our public closely and fully informed on current affairs, both at home and abroad. This is becoming increasingly difficult with the shortage of newsprint and the inevitable reduction in the size and circulation of our newspapers. Message Ends.

737. DEA/8199-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1853 Ottawa, November 28, 1950

CONFIDENTIAL. IMPORTANT.

Following for President, Board of Trade, from Rt. Hon. C.D. Howe, Begins: It is not at all clear what we can do to ease the problem that you raise in your message of the 19th November, regarding newsprint. I readily agree that the present situation is most unfortunate, although, as we have previously pointed out, it is not unexpected.

The total output of the Canadian industry is committed, by contract, to others — largely the United States — and any re-direction of supplies next year would involve interference with private contractual relations. The situation is made the more difficult by the fact that the additional quantity you wish to purchase is not dissimilar from the amount of the expected exports of your domestic production — exports recently committed to markets that have traditionally been served by Canada, but which, under pressure, have sought their supplies in the United Kingdom.

The Canadian industry have demonstrated in the past their genuine interest in retaining their place in the United Kingdom market and they are, I am sure, still of the same mind. However, they are equally interested in other markets, from which they have been displaced and which hold promise of long-term value.

There are many other emergency demands for newsprint being made on Canada from all over the world, and we are discussing the difficult problems involved with the industry. It seems to me, however, that the immediate problem before the United Kingdom is one of supply for current requirements during 1951, which I understand is now under discussion between the Canadian mills and the United Kingdom purchasers.

I think, therefore, that, under the circumstances, any discussion of the additional supply — particularly that part of it which relates to the building up of stocks — should await resolution of the immediate problem. Ends.

SUBDIVISION IV/SUB-SECTION IV

CONTRATS DE FOURNITURE ALIMENTAIRE
FOOD CONTRACTS

738. PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET [Ottawa], November 15, 1950

. . .

AGRICULTURE; U.K. FOOD CONTRACTS, 1951

13. *The Minister of Trade and Commerce, as Acting Prime Minister* submitted a report from the Department of Agriculture concerning initial talks about possible food agreements with the United Kingdom for 1951. On November 3rd, the United Kingdom had submitted proposals by the Ministry of Food for a cheese contract covering 90 per cent of the Canadian exportable surplus up to a total of 70 million pounds at 25¢ per pound (the 1949 contract price) and 60 million pounds of bacon at $29.00 per cwt if the Canadian Government was prepared to maintain export and import controls on bacon. If the Government was not prepared to maintain controls, the U.K. might consider purchasing Canadian bacon competitively at the current contract price of $29.00. The proposals had been discussed by telephone with the Minister of Agriculture who had said that the U.K. officials should be informed that prices offered were unsatisfactory and unlikely to be acceptable to the Canadian Government. This view had been communicated to U.K. officials and further information from the United Kingdom should be available shortly.

An explanatory memorandum was circulated.

(Memorandum, Acting Minister of Agriculture, Nov. 13, 1950 — Cab. Doc. 157-50)†

14. *Mr. Howe* referred to the difficulties met with in attempting to fill the 1949 contracts. The National Dairy Council estimated that cheese production would be down in 1951 and recommended against any contract with the United Kingdom for a firm amount. It seemed desirable that there should be no further negotiations about 1951 contracts pending further discussion.

15. *The Minister of Finance* said that the undesirable features of the export embargoes which had been related to the contracts and which had prevented sales to the United States were quite clear. On the whole it seemed desirable to discontinue government contracts.

16. *The Cabinet*, after considerable discussion, agreed that there be no further negotiations with the United Kingdom concerning cheese or bacon contracts for 1951 pending further discussion after return of the Minister of Agriculture.

. . .

739. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], November 29, 1950

. . .

SALE OF CHEESE AND BACON TO THE UNITED KINGDOM

32. *The Minister of Agriculture*, referring to discussion at the meeting of November 15th, 1950, said that the United Kingdom had confirmed certain proposals made with respect to contemplated cheese and bacon purchases in 1951. These were based on the same prices as paid under the terms of the 1950 agreement and for approximately the same quantity of cheese, but for more than double the quantity of bacon.

There were a number of courses that could be followed:

(1) to continue the present arrangements, including subsidies and import and export controls;

(2) to accept the U.K. price without subsidies, i.e. 29¢ for bacon and 25¢ for cheese, and to maintain import and export controls;

(3) to discontinue import and export controls, to withdraw subsidies, and to authorize the Dairy Products Board and the Meat Board to act as procurement agencies for the Ministry of Food and to purchase for their account in the open market such quantities of cheese and bacon as might be available at the prices offered;

(4) to discontinue all agreements and revert to private trading, with the United Kingdom purchasing in the Canadian market as it saw fit.

An explanatory memorandum was circulated.

(Minister's memorandum, Nov. 29, 1950 — Cab. Doc. 271-50)†

33. *The Minister of Trade and Commerce* suggested the possibility of securing a higher price from the United Kingdom should be explored before any decision were taken.

34. *The Cabinet*, after further discussion, noted the report of the Minister of Agriculture on United Kingdom proposals for cheese and bacon purchases from Canada in 1951 and agreed that:

(a) the possibility of securing an increased price for cheese and bacon sales for 1951 to the United Kingdom be explored; and,

(b) the Minister of Agriculture indicate to the forthcoming Federal-Provincial Conference on Agriculture that the United Kingdom had asked Canada for as much cheese and more bacon in 1951 than had been the case in 1950, but that no agreement had yet been reached regarding general arrangements and prices.

. . .

740. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], December 29, 1950

. . .

BACON; CONTROL OF EXPORTS AND IMPORTS; FLOOR PRICE; U.K. PURCHASES

54. *The Minister of Agriculture*, referring to discussion at the meeting of November 29th, 1950 said that the United Kingdom had offered to continue buying bacon in Canada in 1951 at 29¢ per pound, to 130 million pounds, a figure considerably in excess of the presently estimated surplus. In 1950 the government had paid a bonus of 3.5 cents per pound over the British buying price, making an effective floor of $32.50 per 100 lbs. It was recommended that this price arrangement be continued in 1951 and that export-import controls continue. At the present time the export of live hogs was prohibited except for breeding purposes; the export of fresh pork was prohibited and that of cured pork controlled under an export permit system administered by the Department of Trade and Commerce. The import of both live hogs and pork was prohibited. If continuance of the 3.5 cents subsidy were not approved, it was recommended that the 1950 programme be extended in other respects. An immediate discontinuance of the export-import controls would admit United States pork freely and would likely depress hog prices.

An explanatory memorandum was circulated.

(Minister's memorandum, Dec. 28, 1950 — Cab. Doc. 303-50)†

55. *Mr. Gardiner* said that the extent to which American pork might move into Canada if controls were removed seemed more doubtful than a short while ago. Cured pork prices had gone up in the United States and it was unlikely that there would be any large amount of pork available to Canada at least before the spring. The control on live hogs was in part a health control and should be continued.

It was to be noted that by the latest estimates farm incomes in Canada had declined by $300 million from 1949. A lowering of the floor would be undesirable at such a time, particularly since it seemed improbable that the floor suggested would, in fact, entail any actual cost to the treasury. If it were thought that the policy could not be continued of subsidizing U.K. purchases to the extent of 3.5 cents an alternative might be to leave the floor at $32.50 and offer to deliver to the United Kingdom anything that could be secured at that price. They might not be willing to purchase at such a figure and this would involve the possibility that substantial amounts of pork might be acquired with no certainty as to disposition. This would particularly be possible if restrictions on imports were removed.

56. *The Minister of Finance* said he was opposed to any continuance of the export and import controls on pork. They threw doubt on the good faith of Canada in carrying out the provisions of GATT and would also weaken our position in trying to ensure that the United States did not impose protective controls. The United States had refrained from imposing controls on apples, potatoes and other products when they had surpluses. So far as the prohibition against the import of live hogs

was concerned, it was open to all the objections to quantitative restrictions, as instruments of commercial policy and should be abandoned unless it was clearly needed for health reasons. It was difficult to see how a continuance of the 3.5 cents subsidy could be justified or the preservation in any other form of the $32.50 floor. It had been established as a cushion in a period of adjustment and with no intention that it should continue beyond 1950. The government was concerned about anything that raised or supported the cost of living index.

57. *The Minister of Trade and Commerce* doubted whether there would be any substantial movement of U.S. pork into Canada if controls were removed. The duty of 1 1/4 cents and freight charges would be an effective deterrent if there was not a greater disparity in prices than seemed probable. It seemed impossible to continue the 3.5 cents subsidy on U.K. purchases. The alternatives were either to remove the $32.50 floor altogether or to establish it on a basis under which the government stood ready to buy at $32.50. Such a policy might be tried for one month. It if worked successfully with the border open it could continue. If not, it should be regarded as finished and the floor price at $32.50 should end. He was entirely opposed to any prohibition on the import of pork.

58. *The Minister of Justice* said that it seemed not at all improbable as conditions were developing that at some time the government might wish to impose ceilings on certain farm products. If so, they would be more difficult to justify if floors were now removed.

59. *The Prime Minister* thought it would be desirable to terminate the subsidy on U.K. purchases. The U.K. should be put in the position where it would have to assess the amount of bacon it was likely to get at the price it offered. On such a basis some adjustment might be forthcoming. If the policy of buying at $32.50 were established, the government would have to stand ready at any time to sell at that figure plus carrying charges so as to ensure that there was as little build up of stocks as possible and to avoid charges of pushing prices too high.

60. *The Cabinet*, after considerable further discussion, agreed that:

(a) the policy of paying a subsidy of 3.5 cents per pound on purchases of pork by the United Kingdom be not continued;

(b) no further control be exercised over the export or import of pork and pork products; and

(c) the government undertake to buy pork and pork products at a price based on prices when Wiltshire sides were delivered at 32.5 cents per pound and to sell pork and pork products so acquired at 32.5 cents on the same basis plus carrying charges; the policy to be inaugurated initially for a one month trial period on the understanding that it would be terminated if it appeared that too large quantities would be acquired or that for other reasons the policy would not be practicable.

. . .

741. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], January 16, 1951

. . .

CHEESE; EXTENSION OF U.K. CONTRACT AND SUPPORT PRICE

4. *The Minister of Agriculture* said that, while the 1950 cheese contract expired at the end of December, the British Ministry of Food had agreed in writing to extend it to the end of March 1951. It was probable that, if requested, the United Kingdom would agree to an extension to the end of April 1951 which was the end of the normal dairy year. Such extension was desirable in order that butter and cheese price policies might be determined at the same time and in proper relation to one another for the dairy year beginning May 1st.

During the term of the U.K. contract, the Department of Agriculture had been authorized to buy cheese under a formula that resulted in a price of 28 cents for first grade cheese delivered at Canadian seaboard. It was recommended that the Department be authorized to continue the same buying price until April 30th.

(Minister's memorandum, Jan. 15, 1951 — Cab. Doc. 13-51)†

5. *The Cabinet*, after discussion, approved the recommendations of the Minister of Agriculture and agreed that:

(a) the U.K. Ministry of Food be requested to extend the 1950 cheese contract to April 30th, 1951; and

(b) the Department of Agriculture be authorized to continue the buying price for cheese authorized for 1950 until April 30th, 1951.

. . .

CHAPITRE VIII/CHAPTER VIII
RELATIONS AVEC LES ÉTATS-UNIS
RELATIONS WITH THE UNITED STATES

PREMIÈRE PARTIE/PART 1
QUESTIONS DE DÉFENSE
DEFENCE ISSUES

SECTION A
ACHAT DE MATÉRIEL MILITAIRE AUX ÉTATS-UNIS
PROCUREMENT OF MILITARY EQUIPMENT IN THE UNITED STATES

742. DEA/52-N(s)

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Acting Secretary of State for External Affairs

SECRET [Ottawa], January 5, 1950

MILITARY PROCUREMENT IN THE UNITED STATES UNDER THE MUTUAL DEFENSE ASSISTANCE ACT

The attached papers, consisting of messages WA-3488[1] and WA-3489 of December 23, 1949, from Washington, and our EX-12 of January 4† in reply, relate to recent developments in our negotiations with the United States to facilitate Canadian military procurement from the U.S. Military Establishment under the M.D.A.A. They refer, in particular, to the problems we are meeting in procuring F.86 aircraft components.

2. There are still two obstacles to overcome before the procurement contracts required by the Department of National Defence can be placed. These are:

(a) the nature of the agreement, if any, which may be required to initiate procurement under the M.D.A.A., and

(b) the method of payment which would satisfy the provision that the full cost shall be made available before any contracts may be placed with the U.S. Military Establishment by any foreign nation.

3. As regards (a) above, there seems to be good grounds for optimism that no formal agreement on procurement will have to be concluded between the two countries. The State Department's political officers now feel that Canada-U.S. procurement arrangements should flow naturally from existing mutual defence assistance

[1] Voir *DREC*, volume 15, document 937./See *DCER*, Volume 15, Document 937.

arrangements of long standing which predate the M.D.A.A., although they are meeting some resistance on this point from their Department's legal experts who maintain that some sort of inter-Governmental agreement may be necessary, even though it would be a much briefer document than the bilateral agreements being concluded with the European beneficiaries under the Act.

4. With regard to (b), you will see from message WA-3489 that the Ambassador proposes to address a note to the Secretary of State suggesting that the "full cost in advance" provision of the Act could be met, in our opinion, by extending to the U.S. Military Establishment an irrevocable Letter of Credit, which would have the status of cash but which, in fact, would only be drawn upon in accordance with normal progress and delivery payments, so as not to tie up unnecessarily large amounts of U.S. dollars. The text of the note, contained in WA-3489, has now been approved by National Defence, Finance and Trade and Commerce. It emphasizes the necessity for an early conclusion of this arrangement so that the procurement of F.86 components and other items may be expedited.

5. As we have pointed out to Mr. Wrong in our EX-12, we have a special interest in pressing the U.S. authorities to agree with our Letter of Credit proposal as soon as possible. We understand that the Canadair Company are having difficulty in continuing production of the F.86 without the items which the R.C.A.F. must obtain for them from the United States. The Department of National Defence may, therefore, feel obliged to comply with the provisions of the M.D.A.A. as it now stands and to put up the full cash requirement for the items which they must have very soon if Canadair is to continue production of the F.86 without interruption. On the other hand, you will readily appreciate the difficulty in which Mr. Wrong would find himself in continuing the negotiations with any hope of success if it were necessary to give way on certain M.D.A.A. items before we had allowed a reasonable time for the U.S. authorities to reply to our Letter of Credit proposal which would, of course, be a very much better financial arrangement from the Canadian point of view and which, we understand informally from U.S. officials, has a good chance of being accepted. Mr. Wrong will, I am sure, do everything he can to obtain the earliest reply from the U.S. authorities. In the meantime, I sincerely hope it will not be found necessary to prejudice his negotiations by complying with the present unsatisfactory terms of the M.D.A.A.

A.D.P. H[EENEY]

743. DEA/52-N(s)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-43 Washington, January 7, 1950

CONFIDENTIAL. IMMEDIATE.

MILITARY PROCUREMENT

My immediately following message contains the draft of a text of the United States reply to our note on military procurement, the text of which was contained in my message WA-3489 of December 23rd. This text was given by Satterthwaite, Deputy Director of the Office of British Commonwealth and Northern European Affairs in the State Department, to Ignatieff this morning for our comment. Satterthwaite said that it had not yet been given final approval and that he was giving us an advance copy in order to expedite consideration of the matter and to give us an opportunity for comment before the note is finally approved on the United States side.

2. In giving the note to Ignatieff, Satterthwaite said that, in the opinion of the State Department, it went as far as the officials concerned believed it was possible to go within the terms of the Mutual Defence Assistance Act, to meet our note of January 5th.† However, you will find the terms of the note in some respects rather disappointing. The text incorporates conditions provided for in Section 402 of the Mutual Defence Assistance Act. Satterthwaite explained that this was necessary to conform with the provisions of the Mutual Defence Assistance Act that any transaction under this legislation "shall make appropriate provision" for these conditions. The condition regarding security, the transferability of the equipment and its use would presumably give rise to less difficulty than the last provision which refers to the furnishing of equipment, materials and assistance by Canada to the United States and other "eligible nations". When Ignatieff saw the text, it read as follows: "and that the Government of Canada will furnish where appropriate ...". Ignatieff told Satterthwaite that such an open-ended obligation could not even be considered by the Canadian authorities and the language was changed to read: "as may be agreed". It was understood that this language meant that any arrangements under such a provision would have to be the subject of separate negotiations.

3. Satterthwaite urged the inclusion of this condition on the grounds that this language would afford an opportunity for negotiations leading to reciprocal purchases by the United States of military equipment and materials in Canada, the understanding also being that the furnishing referred to would cover payment for the equipment and materials so furnished. In this connection, Satterthwaite recalled Mr. Perkin's comment, reported to you in paragraph 6 of my message WA-25 of January 5th,† that he hoped that arrangements for reciprocal purchases might be

worked out between the North Atlantic countries within the framework of the North Atlantic Treaty.

4. As regards the use of the Letter of Credit, it will be noted that while this is agreed to, it is provided that the Letter of Credit "incorporates the element of irrevocability and demand payment in full of United States dollars". In explanation of this, Satterthwaite recalled the informal discussion in the State Department on December 22nd last, reported in my message WA-3488 of December 23rd, when the United States officials said that the Letter of Credit to be worked out between the two Governments would be supplemented by a Letter of Intent setting out the drawing arrangements which would be followed in the execution of the contract. At that time, it was explained that the United States Government, in view of the terms of the M.D.A.A., could not undertake a formal obligation in this regard but in practice the drawing arrangements on the Letter of Credit which would be followed would be those set out in the Letter of Intent.

5. Satterthwaite said that he expected to be in Ottawa on Monday afternoon, January 9th in connection with the Colonial Airlines question[2] and will be available to discuss the questions raised by the United States reply to our note on procurement.

6. I hope to have further comments on this note to send you on Monday after I have had an opportunity of finding out how matters stand with regard to the negotiations between the United States, and the United Kingdom and other grant beneficiaries under the M.D.A.A. in respect to their bilaterals.

7. Our comments on the United States draft note have been requested as early next week as possible. However, you will, no doubt, wish to discuss the note with Satterthwaite before sending me your comments.

744. DEA/52-N(s)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-44 Washington, January 7, 1950

CONFIDENTIAL. IMMEDIATE.

Following is an advance text of United States draft reply to our note on military procurement.

1. "I have the honor to acknowledge receipt of Your excellency's note No. 6 of January 5th, 1950,† concerning the procurement of defense equipment by Canada from the United States Government under the terms of the Mutual Defense Assistance Act of 1949, there being discussed first, the question of the need for the conclusion of a bilateral agreement, and second, the question of payment by means of an irrevocable letter of credit. It is noted that Your Excellency expresses the desire

[2] Voir le document 649./See Document 649.

that no new agreement be required and that an irrevocable letter of credit be accepted as a means of payment under the provisions of the above-cited Act.

2. My Government considers, in view of the understandings already existing between our two Governments respecting mutual defense and standardization arrangements, that Your Excellency's Government can undertake agreement with the essential conditions stipulated in the Mutual Defense Assistance Act., i.e.; that the Government of Canada will take such security measures as may be specified by the Government of the United States of America to prevent the disclosure or compromise of classified military articles, services or information made available by the Government of the United States of America; that the Government of Canada will not, without the consent of the Government of the United States of America, transfer title to or possession of any of the equipment, materials, information or services furnished;[3] that the Government of Canada will use any assistance furnished under the Mutual Defense Assistance Act of 1949 in furtherance of the policies and purposes of that Act; and that the Government of Canada will furnish, as may be agreed,[4] equipment and materials, services or other assistance consistent with the Charter of the United Nations, to the United States or to and among other nations eligible for assistance under the Mutual Defense Assistance Act to further the policies and purposes of that Act.

3. An indication by Your Excellency that your Government agrees to this elaboration of the existing understandings between our two Governments, will meet, we feel, the wish expressed in Your Excellency's note under acknowledgement.

4. With respect to the use of a letter of credit,[5] my Government agrees that, in principle, such an instrument can satisfy the requirements of the Mutual Defense Assistance Act of 1949, provided the letter of credit incorporates the elements of irrevocability and of demand payment in full in United States dollars.[6] I believe that Your Excellency's Government will agree that these elements are essential. The exact terms of the letter of credit will, of course, have to be worked out between our two Governments.[7]

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State".

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[3] Note marginale:/Marginal note:
or any articles including [substantial] proportions of such equipment or materials

[4] Note marginale:/Marginal note:
on a [reciprocal?] basis

[5] Note marginale:/Marginal note:
an irrevocable

[6] Note marginale:/Marginal note:
provided the terms of letter are worked out to the satis[faction] of both gov[ernmen]ts

[7] Note marginale:/Marginal note:
refers to letter of [patent?]?

745. DEA/52-N(s)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-55 Washington, January 10, 1950

SECRET. MOST IMMEDIATE.

Reference my WA-43 of January 7th. Military procurement.

1. I have now had an opportunity of discussing with officials of the United Kingdom Embassy here the progress of the United Kingdom's negotiations with the United States on the bilateral agreement to be concluded under the M.D.A.A. The United Kingdom have submitted to the United States a redrafted bilateral agreement, a copy of which was given to me for my information, with the request that it be treated as secret and that our possession of it should not be disclosed to United States authorities.

2. The United Kingdom redraft seeks to eliminate most of the objectionable features contained in the former United States draft bilateral and United Kingdom officials here are hopeful that their modified draft will be acceptable to the United States. They point out that unless some substantial modifications of the previous United States draft are obtained, the United Kingdom may be willing to forego any assistance under the M.D.A.A. this year, which they regard in any case as inadequate to compensate them for their own increased obligations.

3. The provisions of the United Kingdom redraft which relate to the "elaboration of the existing understandings" contained in paragraph 2 of the United States draft reply to our note on military procurement (my WA-44 of January 7th) are of particular interest. With respect to "security measures", the United Kingdom redraft specifies that "each contracting Government (i.e. United States and the United Kingdom) shall take such security measures *as may be agreed in each case* between the two contracting Governments in order to prevent the disclosure or compromise of any classified military articles, services or information furnished by the other contracting Government, pursuant to this agreement".

4. With respect to the transfer of title or possession of equipment, the United Kingdom redraft eliminates the onerous condition contained in paragraph 4 of Article 1 of the United States draft bilateral agreement (see my WA-3054 of November 4th). The phrase "or identifiable as having been fabricated with or by means of such equipment, materials or services" contained in sub-section (a) of paragraph 4 of the United States draft would be deleted under the United Kingdom proposal. The whole of sub-section (b) has also been dropped in the United Kingdom draft.

5. With respect to the furnishing of reciprocal assistance, the United Kingdom draft specifies that any assistance should give economic recovery a clear priority. A separate article of the United Kingdom draft states that the provisions of Article 5 of the Economic Co-operation Agreement is to be regarded as an integral part of

the new agreement. The United Kingdom draft specifies that each contracting Government "will make or continue to make available to the other and to other Governments, such equipment, materials, services or other military assistance as the contracting Government furnishing such assistance may authorize in accordance with detailed arrangements from time to time to be made between them". It is also specified that assistance shall be designed to promote the integrated defence of the North Atlantic area and be in accordance with defence plans under Article 9 of the North Atlantic Treaty.

6. In the light of the United Kingdom counter proposals for their bilateral, I think we should consider securing amendments to the United States draft reply to our note on military procurement which would make it less objectionable from our standpoint. However, as I pointed out in my WA-43 of January 7th, the United States administration consider that they are bound by the provisions of Section 402 of the M.D.A.A., which provides that any transaction under the legislation "shall make appropriate provision for" the conditions (a) to (d) in that section.

7. I hope that you will be in a position to send me your comments on the United States draft as soon as possible.

746. DEA/52-N(s)

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-57 Ottawa, January 11, 1950

SECRET. IMPORTANT.

Reference WA-43 and WA-44 of January 7 and WA-55 of January 10. Draft U.S. reply on Canadian military procurement.

1. Satterthwaite, accompanied by Harrington and Eberts, had a meeting yesterday morning with Dr. Clark and Mr. B.J. McIntyre, Comptroller of the Treasury, on the Letter of Credit paragraph (No. 4) of the draft reply.

2. Dr. Clark said that *irrevocable Letters of Credit* to cover Canadian contracts would be entirely satisfactory. Also, he realized that Washington did not *intend* to draw against any Letter of Credit that might contain a demand payment in full provision except on progress or delivery. His Department, however, took very strong objection to the idea of a Letter of Credit containing such a provision which would give Washington a *right* (whatever its intentions) to demand full payment even if no progress or deliveries were made under a contract.

3. Such a provision, he pointed out, would be entirely contrary to normal business practices and he appeared to fear that someone might, in fact, make a mistake and demand full payment long in advance of final delivery. He added that, under Canadian law, which he did not think Parliament could be expected to change, it would not be possible for the Government to put up a Letter of Credit that included

such a provision which would place all the safeguards in the hands of the U.S. Government. He explained further that, apart from the question of the legality of such a practice, it would defeat the M.D.A.A.'s aim of ensuring that Canada obtains its defence requirements in the general interests of the Atlantic group. This year's estimates will represent the maximum that the economy can stand and this will mean that National Defence's share will be so much and no more. If (in order to meet a demand payment in full provision in a Letter of Credit) a large portion of that share had to be devoted to long-term contracts which would not result in deliveries for two or three years, National Defence would obviously have less money in the next year or two with which to carry on other phases of its defence programme.

4. He expressed himself as very impressed by the appropriateness of the irrevocable Letter of Credit solution in view of the phraseology of the M.D.A.A. whose Section 408(e) refers to *making available* the full cost of goods for which we place an order. Moreover, he stressed that, quite apart from Canada's practice of meeting its obligations, an irrevocable Letter of Credit — as any Washington bank would confirm — is in itself a complete guarantee of payment, particularly as, under Section 26(1) of the Consolidated Revenue and Audit Act of 1931, any of the Government's unliquidated commitments at the end of a fiscal year are automatically made a first charge on the appropriation of the Department of National Defence in the following fiscal year. Moreover, in the case of long-term contracts, it is the normal practice for the Government to sign a contract looking to deliveries over a period of two or more years and at the outset to obtain from Parliament only sufficient cash to meet progress or delivery payments that will be due in the first year of the contract. Being committed, however, to a contract of two or more years, the payments due in the second or subsequent years automatically become a first charge (in the case of defence purchases) on National Defence's appropriations in the second and subsequent years of the contract. In the circumstances, there has never been any question of possible default.

5. Satterthwaite said that the explanation of the proposed demand payment in full provision is that: (1) experience had proven that actual full payment in advance must be obtained from Latin-American countries and that the Canada-U.S. arrangement must appear to be on the same basis, and (2) the National Military Establishment procurement officers feel that they are required under their regulations to obtain full payment in advance of signing contracts and are nervous about any arrangement which might get them into trouble if funds were not available as and when necessary.

6. It was eventually agreed that the State Department would consider: (a) revision of paragraph 4 of its draft note on the following lines "with respect to the use of an irrevocable Letter of Credit, my Government agrees that, in principle, such an instrument can satisfy the requirements of the M.D.A.A. of 1949, provided terms for it that are satisfactory to both Governments are worked out" (The last two sentences of the draft would be deleted); (b) an early meeting between a Department of Finance official and U.S. procurement officers and possibly others in the hope that the procurement officers might be convinced that an irrevocable Letter of Credit would fully guarantee their position. This meeting could but need not follow signature of the revised note. Satterthwaite appeared satisfied that Washington

would accept the above revision and expressed some hope that the procurement officers could be convinced of the appropriateness of an irrevocable Letter of Credit.

7. At a subsequent meeting, the same group (without Dr. Clark and Mr. McIntyre) discussed with Mr. Drury and Mr. Pierce the four conditions in paragraph 2 of the draft note. No objection was seen to the first and third conditions, although Mr. Drury has since told us — in the light of paragraph 3 of WA-55 of January 10 — that the State Department might be told that the security condition applicable in the case of Canada should not be more onerous than the least onerous security condition accepted in the case of grant aid countries. Mr. Drury told Mr. Satterthwaite that he felt that the second condition should be reworded in such a way as to require U.S. consent for transfers only if an item of equipment (e.g. tanks) contained a *substantial* amount of components obtained by us under the M.D.A.A. He has since suggested to us that his point would be met if the following words were added to the present wording of condition 2: "or any articles that include substantial proportions of such equipment or materials". In other words, under the revised wording, we would be undertaking to obtain the consent of the U.S. for the transfer of a bogie that we had purchased and which had not yet been incorporated in a tank but we would not seek U.S. consent for transfer of a tank in which only a U.S. supplied bogie had been installed. Satterthwaite undertook to consider this question. He felt that Washington would probably prefer to leave the condition untouched in the note and to clarify its application in a supplementary confidential note.

8. Mr. Drury and Mr. Pierce also proposed to Mr. Satterthwaite that condition No. 4 should be amended to include, between "furnish" and "as may be agreed", the words "on a reciprocal basis". In other words, no matter what the U.S. transferred to Canada and whatever the terms of the transfer (grant aid might conceivably be sought in the long run) we would only be undertaking to give as good as we receive.

9. It would be appreciated if the foregoing could be discussed with the State Department and if the latter could put forward a new draft reply which, if it meets the points raised with Satterthwaite, will be submitted to the appropriate Ministers here for consideration.

747. DEA/52-N(s)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-94 Washington, January 13, 1950

SECRET. IMMEDIATE.

Reference your EX-57 of January 11th. Draft United States reply on Canadian military procurement.

1. We discussed with Snow of the State Department, late yesterday afternoon, the points raised in your teletype under reference, with a view to a revision of the United States draft note, both with respect to the Letter of Credit arrangement and to the conditions governing Canadian military procurement.

2. With respect to the Letter of Credit arrangement and the draft text contained in paragraph 6 of your teletype under reference, Snow explained that he thought that Satterthwaite had been unduly optimistic that the revised wording would be acceptable to M.D.A.A. legal authorities. As explained in my WA-3488 of December 23rd, M.D.A.A. legal authorities considered that the Letter of Credit arrangement itself was stretching the authority given in the MDA Act. He was doubtful, therefore, that they would accept any suggestion that they might be prepared to retreat from their former position. He said that he was convinced that the United States Government would insist that any Letter of Credit drawn up should cover the full amount of the contract and contain the right of the United States Government to draw on the Letter of Credit for the full amount of the contract subject only to such informal arrangements as may be worked out in practice. While he, Snow, agreed that such an arrangement might be difficult for us to accept, the position under United States law, as interpreted by the M.D.A.A. legal authorities was quite clear. For this reason, he thought it would only be misleading to infer in their reply that any irrevocable Letter of Credit not having the status of a demand note could be worked out.

3. With respect to the conditions contained in the United States draft reply, we put forward the suggestions contained in your teletype under reference. We suggested that the first condition relating to security was too one-sided and that the phrase "as may be agreed" should be substituted for the phrase "as may be specified by the Government of the United States of America" contained in their draft reply. Snow said that he personally thought this was a reasonable modification and agreed to recommend its acceptance to the M.D.A.A. authorities.

4. With respect to the conditions of transfer, we suggested that the following words should be added to the present wording of condition 2 — "or any articles that include substantial proportions of such equipment and materials". Snow agreed that this might be a desirable addition to the present text and undertook to recommend its acceptance.

5. With respect to condition 4 — "the furnishing of assistance to other Governments" — we suggested that the words "on a reciprocal basis" should be inserted between "furnish" and "as may be agreed", pointing out that we did not consider it appropriate for us to undertake, even a moral commitment, to supply materials to other eligible nations unless we might expect to receive something in return. Snow pointed out that we had already accepted such a moral commitment under Article 3[8] of the North Atlantic Treaty and that the wording we proposed suggested that Canada would be unwilling to provide any aid to our North Atlantic partners unless such aid were furnished on a reciprocal basis.

6. We took this opportunity to point out to Snow that our undertaking to "use any assistance furnished under the M.D.A.A. of 1949 in furtherance of the policies and purposes of the Act" (their condition 3) and to furnish military equipment "to and among other nations eligible for assistance under the M.D.A.A. to further the policies and purposes of that Act" might be interpreted as a new commitment and not as an "elaboration of existing understandings". Canada was eligible to secure assistance under the M.D.A.A. as we had entered into a collective arrangement with the United States (the North Atlantic Treaty). The purposes and policies of the Act, therefore, as far as Canada was concerned, were to facilitate the development of defence plans under the Treaty. For this reason, we indicated that it would be more appropriate for condition 3 to read, "that the Government of Canada will use any assistance furnished for the purpose of promoting an integrated defence of the North Atlantic area".

7. As regards condition 4, we said that it was doubtful that the Canadian Government would accept a commitment to furnish equipment to any nation which the United States declared eligible under the M.D.A.A., except on a reciprocal basis. Under M.D.A.A. legislation, any nation could be declared eligible which had joined with the United States in a collective defence or regional arrangement. Eligibility under the Act, therefore, was not limited to the signatories of the North Atlantic Treaty. For this reason, we suggested that the phrase, "on a reciprocal basis" could only be deleted if Canada were not undertaking an additional commitment. We suggested that the wording of condition 4 might read as follows — "the two Governments undertake to make available to the other Government and to other Governments such materials, services, and other military assistance, consistent with the Charter of the United Nations, as the Government furnishing such assistance may authorize in accordance with detailed arrangements from time to time to be made between them. Such assistance shall be so designed as to promote the integrated defence of the North Atlantic area and to facilitate the development

[8] En vertu de l'article 3 du Traité de l'Atlantique Nord, les parties doivent maintenir et développer leur capacité de résister à une attaque armée « par le développement de leurs propres moyens et en se prêtant mutuellement assistance ».
Under Article 3 of the North Atlantic Treaty, the parties are to maintain and develop their capacity to resist armed attack through 'continuous and effective self-help and mutual aid'.

of, or be in accordance with, defence plans under Article 9[9] of the North Atlantic Treaty". Snow admitted that United States authorities had overlooked these points and undertook to seek further clarification.

8. It is now proposed to hold a meeting with M.D.A.A. and State Department officials tomorrow Saturday for the purpose of trying to reach agreement on the amendment discussed with Satterthwaite.

748. C.E.W./Vol. 2130

Note du conseiller de l'ambassade aux États-Unis pour l'ambassadeur aux États-Unis

Memorandum from Counsellor, Embassy in United States, to Ambassador in United States

[Washington], January 20, 1950

PROCUREMENT

Efforts to obtain agreement satisfactory to us on the terms of an exchange of notes to initiate the procurement of F86A and other equipment reached an impasse during the week beginning Sunday, January 15th.

2. The amendments to the U.S. draft which had been raised with Satterthwaite the previous week in Ottawa were pressed by me through Snow. On Monday, January 16th, I reported that while the U.S. authorities were willing to meet us with improvements in language on two conditions, namely, the security provisions and transferability of equipment, they were not willing to change the reciprocal assistance condition, nor the paragraph dealing with method of payment. On Tuesday, January 17th, therefore, I reported to Ottawa that Snow had advised us that the possibilities of obtaining changes in the U.S. note at his level had been exhausted since he was unable to bring sufficient influence to bear upon M.D.A.A. officials and the Pentagon. He advised that an approach be made at a higher level (he suggested Mr. Perkins), stating our objections in detail and suggesting alternative wording.

3. On Tuesday, I saw the Canadian Chiefs of Staff who had arrived to meet with the U.S. Chiefs of Staff in the Canada-U.S. Regional Planning Group (North Atlantic) and I reported to them the present state of the impasse and showed them the text of the U.S. note as presently drafted. I recommended that the matter be pressed through the U.S. Chiefs of Staff so that influence should be brought to bear upon the Pentagon officials concerned with procurement. I pointed out to the Chiefs that the main difficulty was due to the present legislation (the M.D.A.A.) and the inter-

[9] L'article 9 établissait un Conseil des membres, permettait la création des organismes subsidiaires nécessaires et exigeait en particulier qu'un comité de défense recommande les mesures pour la mise en oeuvre des articles 3 et 5.
Article 9 established a Council of members, allowed any needed subsidiary bodies, and particularly required a defence committee to recommend measures for the implementation of Articles 3 and 5.

pretation given to this Act. I said that the possibility might be explored with the U.S. Chiefs of trying to seek new legislation from the Congress. The matter of procurement was brought up by the Canadian Chiefs to the U.S. Chiefs, with the result that Mr. Johnson has instructed the U.S. Chiefs to draft a new legislation covering Canadian procurement of military equipment in the United States.

4. In the meantime, the procurement problem was considered at a meeting of the Deputy Ministers concerned in Ottawa on Thursday, January 19th. We have not had any report as yet of what transpired but, from a telephone message from Eberts on Thursday night, I learned that the following main conclusions were reached:

(1) that Mr. Heeney and Mr. Pierce would be seeing Messrs. Steinhardt and Harrington on Friday, January 20th, and would describe to them the present intolerable situation in regard to procurement, with particular reference to the draft U.S. note and the difficulties over method of payment. Mr. Heeney and Mr. Pierce would also review the background of our procurement difficulties;

(2) It has been agreed that Mr. McIntyre would arrive in Washington on Friday, January 20th, to explore the method of payment problem, with particular reference to the discrepancy between our law governing contracts under the Consolidated Revenue and Audit Act, and the provisions of the M.D.A.A. that "full cost should be made available in advance of the execution of the contract".

(3) Ministerial authority will be sought to have instructions sent to you for an aide mémoire to be presented to Mr. Acheson, which, I understand, will recite again the difficulties we have encountered in relation to procurement of military equipment in the U.S. and setting out our objections to the draft U.S. note. I understand that Mr. Pierce may be coming down early next week to review the situation and also for the purpose of being present at the approach which is now contemplated to the Secretary of State.

5. As this new approach will involve a review of the procurement difficulties which we have so far encountered, I attach a summary† of the difficulties as they have appeared to us in the Embassy, and also a summary† of the main events which have occurred since the M.D.A.A. was passed, touching upon our procurement problems. I also attach the text of the U.S. note† as presently drafted.

G[EORGE] I[GNATIEFF]

749. DEA/52-N(s)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-157 Washington, January 21, 1950

SECRET. IMPORTANT.

CANADIAN MILITARY PROCUREMENT IN THE UNITED STATES

1. The meeting arranged on Saturday morning, January 21st, to enable Mr. McIntyre to meet officials of the State Department, MDA Administration and the Defence Department to discuss the method of payment question failed to resolve the legal obstacles. The United States representative on the one hand outlined in detail the reasons for their insistence that the letter of credit should have a payment on demand provision. They explained that the attitude of the Administration in this matter which has the endorsement of Treasury as well as the MDA Administration is based upon interpretation given to Sec. 408E of the Mutual Defence Assistance Act during the passage of that legislation in Congress and cited again the authority which had already been transmitted to you in my teletype WA-3488 of December 28th.

2. Mr. McIntyre put our case that an irrevocable letter of credit fully met in our opinion the requirements of 408E that "full cost" has to be made available before the execution of the contract and explained why under Section 30 of the Consolidated Revenue and Audit Act it would not be possible to accept an obligation in regard to a contract for F.86 equipment which contained a provision that the full payment of the total contract could be drawn on demand without being related to performance of work on the contract or supply of material.

3. In commenting on our position the United States officials endeavoured to draw a distinction between the actual payment of funds and the encumbering of funds which they stated would be all that would be involved in the demand provision, since in practice drawings on the funds under the letter of credit would be related on the United States side to progress and delivery and that the drawing arrangements would be set out in a supplementary letter which however would not have any legally binding effect, the letter of credit with its demand provision being the legally operative instrument. There would be no supplementary contract or agreement that would be binding, only an order placed and the letter of credit.

4. No conclusions were reached at the meeting as it was evident that there was a real difference in the two positions based on interpretation of the law of Canada and of the United States. At least as a result of Mr. McIntyre's firm description of our position in this matter a clearer understanding of our attitude may have been given to the United States officials.

750. DEA/52-N(s)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-169 Washington, January 24, 1950

SECRET. IMMEDIATE.

CANADIAN MILITARY PROCUREMENT IN THE UNITED STATES

1. A meeting was arranged on Tuesday morning, 24th January, to enable Mr. McIntyre, accompanied by Messrs. Keith and Ignatieff, to meet the Fiscal Assistant Secretary of the Treasury, Mr. Bartelt. Controller of the MDAA, Mr. [John E.] Murphy, the Legal Councillor, Vigderman, as well as Wight of the Canadian Desk, were present at the meeting, together with several legal and accounting officials of the Treasury.

2. After McIntyre and Murphy had put the problem to Mr. Bartelt, the situation was summarized by Bartelt in terms of finding some practical way of resolving the legal and technical difficulties arising out of the provision of Section 408(E) of the MDAA that the "full cost be made available in advance of the execution of the contract". He suggested that an approach be made from the point of view of finding an arrangement which would not involve the United States Government in any financial obligations arising out of the placing of the contract on behalf of Canada and recalled that the use of the letter of credit as an instrument of payment had been accepted by all on the United States side, in principle. He suggested that the legal technically involved in the construction of the words "full cost" which led to the requirement that the letter of credit should include demand provision might be met by making the drawings under the letter of credit related specifically to the terms of the contract and by ensuring that the letter of credit would be a full guarantee of payment by the Canadian Government to the contractor and not as previously contemplated in favour of the United States Government, thus excluding the possibility of the United States Government being involved in any financial obligations arising out of the contract.

3. As previously contemplated, the United States Government would have opened a trust account through the United States Treasury, backed by the letter of credit, as well as undertaking to make the contracts on behalf of Canada. Under the new approach, the United States Government would still make the contract; the Canadian Government would be required, in the terms of the letter of credit, to undertake to meet payments arising out of the terms of the contract on progress and delivery, and possibly at specified intervals. One difficulty that might occur is that in order to relate this type of transaction to Section 408(E), MDAA officials might require that the letter of credit in favour of the contractor include a provision for payment related only to the irrevocable nature of the instrument. Thus, they may insist that it would be provided in the letter of credit that the Canadian procurement

could not withhold drawings on the letter of credit on grounds related to the progress of the work on the contract. This new approach that developed at the meeting has yet to be explored between the State Department, MDAA officials, Defence Department, and particularly with the contracting officers, and everything will depend on what payment terms are provided for in the contract. As the next step, the MDAA officials will therefore explore this approach with the Defence Department, and Mr. Bartelt undertook to provide whatever moral support they may require in exploring this approach. The United States officials have told us that it will take a few days to explore the possibilities with the Defence Department procurement officials.

751. DEA/52-N(s)

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-140 Ottawa, January 25, 1950

SECRET. IMMEDIATE.

Your WA-157 of January 22, Draft reply of State Department on Procurement. Following from Heeney, Begins: In view of the impasse on the question of procurement of military supplies in the United States which appears to have been reached at the "working" level, it has been agreed here by all concerned, and with Ministerial approval, that we must now take up the matter vigorously at a high level. Would you therefore take the first opportunity of personally discussing the situation with Mr. Acheson and putting our case to him in the frankest way. I agree that, for the present, your representations should be confined to an oral presentation, since the State Department has not yet formally replied to your note of January 5 last and since considerable of the discussion will of necessity be directed to their draft reply forwarded in your telegram WA-127 of January 17.† You should emphasize to Mr. Acheson our inability to purchase military equipment on the terms in their proposed draft, but you should also take the opportunity of pointing out to him the effect which our present difficulties in procurement may tend to have on the policy of standardization of equipment which both Governments have accepted as desirable in the interests of common defence.

2. With respect to the United States draft reply to your note of January 5, we have given it very careful consideration, and we have been driven to the conclusion that the draft note is quite unacceptable with respect both to financial conditions and to the other general conditions proposed therein. This represents the considered conclusion of all Deputy Ministers concerned.

3. With respect to the financial provisions, we are disposed to think that our offer, as conveyed in your note of [January] 5, of an irrevocable letter of credit deposited with a commercial bank in the United States, for the full amount of the contract,

should meet the provisions for full cost in advance as required under MDAA, Section 408 (e). The proposal of the United States that the letter of credit must be on a demand basis permitting it to be cashed in full at any time is, in our opinion, an unreasonable interpretation, since the Act merely requires that the full cost be made "available" in advance of a contract and does not require that the full cost be paid in advance. Although the United States authorities have intimated that they are prepared to attach a separate letter indicating that it is not intended to cash the letter of credit except as work on the contract progresses, such a letter would not appear to have any legal validity. In any event the Canadian Government would be unable under present law to provide a demand letter of credit as proposed by the United States authorities. Officials of the Department of Finance feel that in offering an irrevocable letter of credit from which withdrawals might be made as work under the contract progresses, as has been proposed, they have gone the very limit possible under Canadian law.

4. With respect to the non-financial conditions proposed by the United States, these too are quite unacceptable. As Canadian authorities interpret MDAA, the only requirement in the case of military equipment acquired under Section 408 (e) is that "full cost, actual or estimated" must be made available to the United States in advance. The non-financial conditions set forth in paragraph 2 of the draft reply of the United States are based on Section 402 of the Act, which seems to us to refer to grant-aid only and not to cash purchases. This also appears to have been the view of the State Department until quite recently, since as late as January 5 you were advised by Perkins that no bilateral agreement would be required (your WA-25 of January 5†).

5. Whether these conditions are required for purchases under Section 408 (e), the conditions themselves (except condition 1 which relates to security and is a normal requirement in the transfer of classified equipment or material) seem to us to be an invidious restriction upon a partner in joint defence who is prepared to pay cash and is not asking for financial aid of any sort. It would seem most inequitable to require of Canada as a cash customer the same conditions as those required of countries receiving grant-aid. The only assistance Canada is asking is that of administrative assistance for procurement, which will be without cost to the United States. The quid pro quo demanded is out of all proportion to the service rendered.

6. Moreover, the conditions proposed would require Canada to accept international obligations as defined by a statute of the United States. These obligations are of a wider character than those under any international agreement to which Canada is a party. A bilateral agreement with the United States which would extend Canada's present international obligations by reference to a United States statute is objectionable, and would of course have to be approved by Parliament. Mr. Acheson will appreciate that the Canadian Government could not contemplate entering a bilateral agreement of this character with the United States in return for the mere right to purchase equipment. We do not think that any point would be served in commenting further on these conditions since they are not acceptable as a basis of discussion.

7. Mr. Acheson should also be reminded that the present F.86A programme was not undertaken before approval at both Service and Ministerial levels and the issue of a licence to manufacture in Canada. The programme was regarded on both sides as a desirable step in the standardization of equipment between our two countries. At the time arrangements were made for the F.86A programme the Canadian Government had the choice of adopting the United States or British jet fighter. At that time the Canadian Government had no reason to anticipate that difficulties would be encountered in securing component parts from the United States. In view of Canada's current deficit in dollars on trading account and surplus in sterling, payment for component parts for production in Canada of the British type aircraft would have been much easier. But the Canadian Government decided to adopt the United States type aircraft on the ground that this would facilitate common defence arrangements. Financial assistance was therefore extended to the Canadair Company for enlarging plant and tooling up for production. The company is now ready to proceed with production. Unless component parts are received within a very few weeks production simply cannot proceed. Should this happen a public explanation could scarcely be avoided, a situation which would probably prove embarrassing for both Governments.

8. When legislation to implement the military aid programme was before Congress during 1949, it was repeatedly pointed out to the United States officials that the projected legislation might interfere with Canadian procurement of military equipment in the United States. Repeated assurances however were given that Canada's special interest would be safeguarded either by change in the legislation or by administrative arrangements. The interpretation so far given MDAA by United States officials in so far as purchase of equipment by Canada is concerned has been even more restrictive than the Canadian Government had feared. If nothing can be done to meet Canada's position in joint defence, present effective arrangements may well be impaired.

9. While satisfactory arrangements for procurement under MDAA, particularly in the case of the F.86A, is of the utmost urgency and should be pressed forward as vigorously as possible, we should not, of course, wish to prejudice the achievement of better procurement arrangements than those obtaining under MDAA at present. The recent recommendation of the United States Joint Chiefs of Staff for special legislation to meet the Canadian position is of great interest to us and you should impress this on Mr. Acheson. What we should hope is that such legislation would be designed to meet the over-all requirements of adequate joint defence arrangements. To be specific, we should hope (a) that it would permit purchase by the United States in Canada for defence purposes in order to make possible the integration of production facilities for joint defence; (b) that it would permit off-shore purchases in Canada for grant-aid in order to permit of Canadian production facilities being made available to other North Atlantic nations; and (c) that it would facilitate Canadian procurement by amendment of the present onerous financial provisions under MDAA. Ends.

752. DEA/52-N(s)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-189 Washington, January 25, 1950

SECRET. IMMEDIATE.

CANADIAN MILITARY PROCUREMENT IN THE UNITED STATES

1. I attended the meeting which had been arranged by Perkins on our procurement problem, accompanied by Pierce and Ignatieff this afternoon, Wednesday, 25th January. Perkins was evidently well briefed about the interview which Heeney and Pierce had with Steinhardt and Harrington and he had also been briefed by Snow on the talks which have been going on here during McIntyre's visit the last few days on the method of payment. I took the occasion to stress the unacceptability of the draft United States reply to our note of January 5th. I also emphasized the generally unsatisfactory nature of the present M.D.A.A. legislation as a means of meeting our overall procurement requirements under joint defence arrangements and referred to the effort which is now being undertaken by the Defence Department to obtain special legislation to meet our position. I said that I hoped to see Mr. Acheson in a day or so to bring to his personal attention our concern over our procurement problems as they affect our relationship between the two countries on defence question. Perkins said he quite understood and hoped that the present meeting would remove some of the details which were giving trouble. I also asked Pierce to give Perkins the facts of the present situation on the F.86, stressing the urgent necessity for immediate action.

2. Perkins said that he thought that it was possible to reach a mutually satisfactory arrangement on the basis of our note of January 5th. On the letter of credit, he recalled again that the use of such an instrument had been agreed by all concerned in principle. He understood that, as a result of talks which Mr. McIntyre had had with Treasury and M.D.A.A. officials, a new approach was being worked out on the United States side which would exclude the demand provision from the letter of credit and enable the drawings on the letter of credit to be related strictly to the terms of the contract. Vigderman, the Legal Councillor of the M.D.A.A., who was there, explained that what they had in mind would be that the contract entered into by the U.S.A.F. on behalf of Canada would specify the conditions on which payments would be made to the manufacturer, i.e., on progress and delivery. We would be required to furnish an irrevocable letter of credit which would provide that payments would be made as required under the contract but the United States Government, as the principal in the contract, would have the deciding voice as to when the conditions of the contract had been met and payments therefore made to the manufacturer. Vigderman stressed that if the United States undertook to make the contract, United States officials, acting as agents on our behalf, would have to decide if

the conditions of the contract on progress and delivery had been met, although informal arrangements could no doubt be made between the R.C.A.F. and U.S.A.F. to check the claims. A proposition along these lines was being discussed with the Defence Department and, as yet, the State Department could not say definitely that the proposal had been accepted. Perkins said that he would push for quick action on the United States side and hoped that we would soon be in a position to say whether this approach would be acceptable to us. Your early comment on this point, and also on McIntyre's report contained in my message WA-169 of January 24th,† would be appreciated.

3. As regards conditions of transfer, Perkins said that the State Department had come to the conclusion that it would be possible to waive a bilateral agreement with us altogether but certain conditions to govern the transfer of equipment, even though purchased on a cash basis, would have to be included in the United States reply to our note, otherwise, the United States Government would be put into an intolerable position vis-à-vis other Governments wishing to purchase equipment under the M.D.A.A., particularly the Latin-American States. We pointed out that conditions 3 and 4 in the United States draft note were, in any case, unacceptable. Perkins agreed that these would be waived on the understanding that some wording was included to the effect that materials transferred would be used in a way consistent with our obligations under the North Atlantic Treaty. He thought that some provision would also have to be included for the observance of security provisions in respect of equipment transferred and also that, in the case where the United States equipment transferred constitutes a substantial component in the end-product, agreement (not consent) would have to be sought from the United States Government before transfer.

4. As the position stated by Perkins substantially met our objections, I agreed to Perkins' suggestion that a new draft of the United States note incorporating the points he had made should be drawn up immediately. Perkins made the point also that the language of the draft must be such that it cannot be construed as a new international agreement, but only the response to a particular request on the part of Canada to purchase certain items of military equipment. I agreed with this view also and it was arranged that Pierce and Ignatieff will meet with officials of the State Department and M.D.A.A. designated by Perkins tomorrow to consider a revision of the United States draft reply.

753. DEA/52-N(s)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-195 Washington, January 26, 1950

SECRET. MOST IMMEDIATE.

Following for Heeney from Wrong, Begins: Draft of United States note on procurement. Following is the text now under consideration by the United States officials. My comment follows. Text begins:
Excellency:

I have the honour to acknowledge receipt of Your Excellency's note No. 6 of January 5th, 1950,† concerning the procurement of defense equipment by Canada from the United States Government under the terms of the Mutual Defense Assistance Act of 1949, there being discussed, first, the question of the need for the conclusion of an agreement, and second, the question of payment by means of an irrevocable letter of credit. It is noted that Your Excellency expressed the desire that no new undertaking be required and that an irrevocable letter of credit be accepted as a means of payment under the provisions of the above-cited act.

My Government considers, in view of the understandings already existing between our two Governments respecting mutual defense and standardization, and the obligations which our two Governments have assumed under the North Atlantic Treaty, that Your Excellency's Government will be willing to accept the applicable stipulations in the Mutual Defence Assistance Act: i.e. that the Government of Canada will observe such security classifications as may be established by the United States of America and shall take adequate measures to prevent the disclosure or compromise of classified military articles, services or information furnished by the Government of the United States of America; that the Government of Canada will not, without the agreement of the Government of the United States of America, transfer title to or possession of any of the equipment, materials, information or services furnished, although this limitation will not apply to components of relatively minor value which are to be installed in or assembled with other articles; and that the equipment and materials procured will be used in furtherance of the purposes of the North Atlantic Treaty.

An indication by Your Excellency that your Government agrees to this elaboration of the existing understandings between our two Governments will meet, we feel, the wish expressed in Your Excellency's note under acknowledgment.

With respect to the use of a letter of credit, my Government agrees that in principle, such an instrument can satisfy the requirements of the Mutual Defence Assistance Act of 1949, provided the letter of credit incorporates the elements of irrevocability and of payment as called for under the procurement contracts. The

exact terms of the letter of credit will, of course, have to be worked out between our two Governments to the satisfaction of both.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State, Text ends. Message ends.

754. DEA/52-N(s)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-198 Washington, January 26, 1950

SECRET. MOST IMMEDIATE.

MILITARY PROCUREMENT

Following for Heeney from Wrong, Begins: In a separate message I have sent you the text of a draft reply to your note of January 5th which was discussed at a meeting at the State Department this morning which Pierce and Ignatieff attended. I have been trying to reach you on the telephone to emphasize the importance of clearing this draft in Ottawa immediately (on the assumption that it is acceptable) so that we can receive and acknowledge the note tomorrow if possible. Pierce agrees that if Clark and you concur no other clearance on the official level is needed in Ottawa. I expect, however, that you may wish to clear also with Mr. Claxton. One reason for speed is that the State Department now has the initiative, but if we do not act fast and sew the matter up, we fear that difficulties may arise in the Pentagon over the concessions that the State Department has made to meet our views. Incidentally, the exact terms of the note have not yet been agreed with the Pentagon.

2. I may discuss this with you later on the telephone, but I have to leave the office early this afternoon, in which case you might communicate with Ignatieff. Can you give this your personal attention?

3. I am seeing Acheson tomorrow afternoon. He has already personally interested himself in a solution of the immediate problem, and I hope to be able to confine my talk with him to the need for satisfactory new legislation. Ends.

755. DEA/52-N(s)

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-155 Ottawa, January 27, 1950

SECRET. MOST IMMEDIATE.

Your WA-195 of January 26, Procurement.
Following from Heeney, Begins: We have consulted Clark, Drury and Foulkes and we all agree that the text of the latest State Department draft note appears to be as satisfactory a solution of the present problem as can be expected. It will still remain however to work out the details of the letter of credit, which may prove to be somewhat difficult.

2. You may advise the State Department that the proposed text appears to be a satisfactory solution to meet the present emergency, although we shall have to reserve our position as they have done with respect to the details of the letter of credit. You should however impress upon the State Department that this is not a satisfactory solution of our long-term procurement problem and that we feel strongly that new legislation will be necessary in order for us to fulfil our responsibility in joint defence arrangements with the United States and as a party to the North Atlantic Treaty. I understand that you are seeing Mr. Acheson at an early date and if so you should take the opportunity of impressing upon him the need for new legislation. Ends.

756. DEA/52-N(s)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-214 Washington, January 27, 1950

SECRET. IMPORTANT.

Following for Heeney from Wrong, Begins: Your EX-155 of January 27th. Procurement.

1. I saw Acheson and Perkins this afternoon. On the immediate problem Perkins said that some difficulty had arisen in the Pentagon over the use of a letter of credit to effect payment on the lines developed at the meeting in the Treasury attended by McIntyre (see my WA-169 of January 24th†). He expressed confidence that the difficulty would be surmounted, but said that this might take a day or two. I mentioned that I had suggested that McIntyre or another official competent in this field

should be in Washington on Monday, and Perkins said that he thought that would be helpful.[10]

2. I then took up with Acheson the desirability of new legislation which would straighten out our difficulties in purchasing here and authorize United States defence purchases in Canada. I told him that the Secretary of Defence on recommendation of the United States Joint Chiefs of Staff had instructed legislation to be drafted as a matter of urgency. We hoped that this would cover both main aspects, so that it would make Canadian procurement through the United States no more complex than ordinary commercial procurement, and would supersede or qualify the provisions of the Buy American Act with respect to United States procurement in Canada of defence equipment and materials.

3. I also mentioned our desire that the United States should make some purchases in Canada for other North Atlantic countries, saying that, while this was permitted under the M.D.A.A., we understood that the present policy was restrictive and that no such purchases were likely. I said that at the very least the United States components of Canadian equipment destined for North Atlantic countries should so be furnished, citing the wartime system developed under Mutual Aid and Lend Lease.

4. Acheson was very sympathetic towards these ideas and was interested to learn of the initiative taken by the Secretary of Defence. He asked Perkins to discuss their plans with the Department of Defence and to bear in mind the various points which I had made. He remarked that they might have some difficulty in singling out Canada for preferred legislative treatment, but he thought that emphasis on the North Atlantic commitments and the Canadian-United States partnership in the North American Regional Group might get around this. I commented that one of our needs was to end a situation in which Canadian requests to purchase equipment were judged in the light of the effect they might have as precedents in dealing with requests from such Latin American figures as Trujillo or Somoza.[11]

5. He thinks that any legislative proposal will not have smooth sailing in this Congress and that a direct attack on the provisions of the Buy American Act is out of the question just now. An indirect attack, however, might be feasible through surmounting the provisions of the Act with regard to reciprocal defence purchases only.

6. I took advantage of the occasion also to suggest that approval of the recommendation of the P.J.B.D. of October 12th, 1949,[12] would provide additional grounds for special legislative treatment of Canada. I said that so far as I knew this recommendation was stuck in the Munitions Board at the Pentagon and that we

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[10] Note marginale:/Marginal note:
Discussed with Mr McIntyre who said he wished to discuss problem with Watson Sellar before going down. 28/1/50 R.A. M[acKay]. Teleg[ram] to Washington saying McIntyre will get in touch with Keith and hold himself in readiness[.] R.A. M[acKay]

[11] Rafael Leonidas Trujillo Molina, président de la République dominicaine; Anastasio Somoza, président de la République du Nicaragua.
Rafael Leonidas Trujillo Molina, President of the Dominican Republic; and Anastasio Somoza, President of Republic of Nicaragua.

[12] Voir *DREC*, volume 15, document 933./See *DCER*, Volume 15, Document 933.

should like to see it pried loose and approved by the President as quickly as possible. He agreed that this would be useful and asked Perkins to look into the matter.

7. This discussion should bring about consultation at a high level between the State and Defence Departments on new legislation. My guess is that there is a real possibility of legislation to simplify Canadian procurement problems in the United States but that prospects of a broader measure authorizing reciprocal United States purchases in Canada are obscure. I shall renew the attack after an appropriate interval. Ends.

757. DEA/52-N(s)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-241 Washington, February 1, 1950

SECRET. IMMEDIATE.

CANADIAN MILITARY PROCUREMENT IN THE UNITED STATES

Following for MacKay from Ignatieff, Begins: Reference my WA-239 of February 1st.†

Following is text of draft reply from our side. Text begins:[13] I have the honour to refer to my note No. 6 of January 5th, 1950 and your note in reply thereto, concerning the procurement of defence equipment by Canada from the Government of the United States of America under the terms of the Mutual Defence Assistance Act of 1949. I am happy to note that the Government of the United States of America is in accord with the view of the Government of Canada that no new agreement is required, subject to the elaboration of understandings between the two Governments stated in your note under reference.

The Government of Canada is willing, in view of the understandings already existing between our two Governments respecting mutual defence and standardization and the obligations which our two Governments have assumed under the North Atlantic Treaty, to accept the stipulations set forth in your note under reference:

"That the Government of Canada will observe such security classifications as may be established by the United States of America and shall take adequate measures to prevent the disclosure or compromise of classified military articles, services or information furnished by the Government of the United States of America; that the Government of Canada will not, without the agreement of the Government of the United States of America, transfer title to or possession of any of the equipment, materials, information or services furnished, although this limitation will not apply to components of relatively minor value which are to be installed in or

[13] Ajouté à la main:/Added by hand to the text:
RESTRICTED/Note that Mr. Wrong is to deliver to Mr. Acheson.

assembled with other articles; and that the equipment and materials procured will be used in furtherance of the purposes of the North Atlantic Treaty".

With respect to the use of a letter of credit, the Government of Canada agrees that such an instrument can incorporate the elements of irrevocability and of payments as called for under the procurement contracts, it being understood that the exact terms of the letter of credit will have to be worked out between our two Governments to the satisfaction of both.

Accept, Excellency, the renewed assurances of my highest consideration. Text ends. Message ends.

758. DEA/52-N(s)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-285 Washington, February 6, 1950

SECRET. IMMEDIATE.

CANADIAN MILITARY PROCUREMENT IN THE UNITED STATES

The United States reply to our note of January 5th concerning the procurement of defence equipment from the United States was received this morning. The note is marked "restricted", dated February 3rd, and signed "Dean Acheson". Although the text is the same as the draft which I communicated to you in my message No. 195 of January 26th, I am transmitting it to you as now received so that you will have the authentic text to work from.

2. I hope that you will now let me have immediately your authorization to communicate our agreement with this note, as suggested in my message WA-241 of February 1st, in order that the legal authorization for procurement can be completed as soon as possible.

3. With regard to the question of adding a paragraph to our note in reply, referring to our broader procurement difficulties unless there is new legislation in the United States, which I understand has been discussed between Eberts and Ignatieff, you might consider the addition of a final paragraph to our note along the following lines:

"I should like to take this opportunity of recalling that I have already discussed with you the hope of the Canadian Government that further steps will be taken to facilitate the procurement of Canadian military equipment in the United States of America, and to establish a measure of reciprocity through the purchase of military equipment in Canada by the United States Government, in furtherance of our agreed policies of joint defence and standardization".

4. I think that we should show our reply in draft to the Department of State before despatching it officially, since Mr. Acheson's note is really a product of joint

draftsmanship. I do not want to include in our answer anything likely to give rise to difficulty or to require reference to the Pentagon. I prefer that no addition be made to our draft, but if one is made I think it should be on the lines just proposed.

759. DEA/52-N(s)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-300 Washington, February 7, 1950

CONFIDENTIAL. IMMEDIATE.

MILITARY PROCUREMENT

Following for Heeney from Wrong, Begins: I hear that argument is still going on in Ottawa over the terms of our reply to Acheson's note of February 3rd. This states what we must accept if we want to procure under the Military Defense Assistance Act, and it is evident that, if we are to get on with the contract for F-86 parts, our reply must include what was proposed in the draft prepared in the Embassy and sent to Ottawa on February 1st. I gather that some in Ottawa wish to include a good deal more, and especially a repetition of the arguments made many times to the State Department and the Pentagon about how unsatisfactory the procedure is and how badly something better is needed. I think we should keep separate this exchange of notes and our desire for better treatment. The latter is not going to be forgotten; it has been put very recently to the Secretary of Defense, the Secretary of State, and the Joint Chiefs of Staff. Ends.

760. DEA/52-N(s)

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-241 Ottawa, February 8, 1950

CONFIDENTIAL. MOST IMMEDIATE.

Following for Wrong from Heeney.
Reference WA-300 of February 7 and previous correspondence regarding Exchange of Notes on military procurement.

The text of the Canadian reply given in WA-241 of February 1 has now been approved and it is agreed that it would be desirable to let the State Department see it before it is signed.

It is appreciated here that our dissatisfaction with the present procurement arrangements has recently been expressed to a number of senior people in Washington. However, as the feeling is so strong here that the proposed financial arrangement can only be applied to our most pressing needs and that, in general, more satisfactory arrangements are urgently required, it has been decided that, when a signed Canadian Note is delivered, it should be accompanied by a more informal communication — possibly a letter to Acheson — which would again record the Canadian views. The communication which has been prepared for this purpose is given in my immediately following teletype.

With reference to WA-241, I take it that, in the phrase, " ... the obligation which our two Governments ... ", in the first part of paragraph 2, the word "obligation" is intended to be in the plural (as in paragraph 2 of the U.S. Note).

With reference to WA-219 of January 28† and WA-239 of February 1,† it is agreed here that it would be desirable for the three Notes to be classified as "Restricted" and that, as suggested by the Legal Division of the State Department, this exchange of correspondence does not entail any new international obligations and, therefore, does not require registration with the U.N. Secretariat. I assume that, should the State Department find it necessary at a later stage to show the correspondence to a Congressional Committee, it will endeavour to arrange for disclosure of the Notes to take place at an Executive session of such a Committee. The attitude here to disclosure of the Notes will, of course, depend on circumstances existing at that time.

761. DEA/52-N(s)

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-242 Ottawa, February 8, 1950

CONFIDENTIAL. MOST IMMEDIATE.

Following for Wrong from Heeney, Begins: Reference my immediately preceding teletype re Military Procurement. Following is the text of the supplementary communication.

I am today sending you a Note indicating the Canadian Government's acceptance of the arrangements set forth in your Note of February 3 for the procurement of military equipment in the United States under the terms of the Mutual Defence Assistance Act.

In this connection, I should like to refer to the discussions we have had and to recall to you the expressed view of the Canadian Government that the present arrangements for military procurement do not meet the needs of the common defence activities and policies of our two countries. The United States Government understands, for example, that the financial arrangements contemplated in the pre-

sent exchange of notes for Canadian purchases in the United States are such that they can only be applied, as an entirely exceptional measure, to meet the most pressing needs of the Canadian Armed Forces pending the conclusion of more adequate and satisfactory arrangements.

For this reason I wish to record the earnest hope of the Canadian Government that permanent arrangements will be made at the earliest possible date which will permit us both fully to implement our common defence programmes and to ensure the unobstructed movement of defence supplies between our two countries.

762. DEA/52-N(s)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-327 Washington, February 10, 1950

CONFIDENTIAL

Your EX-241 of February 8th. Exchange of notes on military procurement.

1. A note addressed to the United States Secretary of State, the text of which is contained in my WA-241 of February 1st, was left at the State Department on February 8th. The text had been informally agreed to by Snow before delivery. I have also sent a letter to Acheson containing the Canadian views on the exchange of notes on military procurement, along the lines of your suggested text in EX-242 of February 8th.

2. While discussing the long term inadequacy of the procedures agreed upon for the F-86 items with Snow, it was revealed that revisions of the Mutual Defence Assistance Act were being considered at the working level of the State Department, and that there would be an attempt to delete the "full cost in advance" provisions contained in section 408E of the present Act. It was hoped that provision might be made for a revolving fund which could be drawn upon by the United States agency procuring on behalf of a foreign Government. The revolving fund would be replenished when deliveries of military equipment had been effected at which time the foreign Government would be expected to pay cash in full for such equipment. This procedure, you will recall, had been followed by the United States during World War II and provision for it had been included in the first draft of the M.D.A.A. of 1949. Snow was cautiously optimistic that such a revision would be accepted when the Act came up for reconsideration in April of this year.

3. On the question of reciprocal purchases by the United States in Canada Snow did not think that any provision for this would be included in the revised Mutual Defence Assistance Act. He recalled that there was a legislative impediment additional to the "Buy American Act" contained in the Armed Services Appropriation Bill which would preclude United States forces to a large extent from using their

appropriations for purchases in foreign countries. (See section 634 of H.R. 4146 sent to you with our despatch No. 3118 of December 16th, 1949).†

4. With respect to military equipment which Canada could produce, Snow recalled that the Canadian list submitted last fall had been reviewed by the United States Munitions Board. The Board had found that the items which we had stated could be provided were made up very largely of equipment for which there was at present a surplus capacity in the United States.

5. In this respect, you will be receiving my WA-328 of February 10th† which is a record of a meeting held in Col. Colonna's[14] office on February 6th for the purpose of helping the three United States services to draw up a list of military equipment which could be purchased in Canada. The fact that the United States services have been instructed to submit to the Munitions Board by March 1st a list of the military equipment which they might purchase in Canada, indicates that our representations on the higher levels have had some effect, and that the United States authorities are prepared to give sympathetic consideration to our need for reciprocal purchasing.

6. While this ad hoc approach has some merit it does not provide an adequate solution to our long term problems. It seems to me that the United States authorities must be convinced of the desirability in their own interests of making sizeable defence purchases in Canada, particularly with respect to items of military equipment which we can produce more economically or in the production of which we have special skills. For strategic as well as for economic reasons the United States must be convinced of the necessity for applying the concept of an integrated military production programme to the greatest extent possible. To place before United States authorities a list of equipment for which we have idle productive capacity or which we were able to produce economically during the last war, does not face the issue squarely. As you know, United States industry producing military equipment is not at present operating to full capacity and the United States services would find it extremely difficult to cut back United States production in the interests of reciprocal purchases for Canada. While it may be true that United States industry as a while would not suffer if there were a balance in defence purchases, the Buy American Act could still be cited by a particular United States manufacturer if some of the military equipment which he could produce were to be purchased in Canada. The United States forces have very real obstacles to overcome before they would be willing to purchase in Canada, and they will have to be convinced that the items which they propose to purchase are not only cheaper in Canada but superior in quality to their own domestic items (or unobtainable from a United States source). It seems to me that we will have to engage on a real selling job here and in doing so we should concentrate on certain special military equipment for which a real demand would exist in the United States. I doubt that the United States authorities will do more than look with sympathy upon a list of equipment which we could make available if that equipment could also be obtained in the United States.

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[14] Le colonel J.A. Colonna, officier en second de l'armée américaine, Commission permanente canado-américaine de défense.
Col. J.A. Colonna, United States Army Executive Officer, P.J.B.D.

7. It seems apparent that the liaison between the State Department and the Pentagon at the Snow-Colonna level has been defective as Snow was not aware on February 8th of the instructions of the Munitions Board which brought about the meeting in the Pentagon on February 7th. We are taking steps which should correct this.

763. PCO

Extrait du procès-verbal de la réunion du Comité sur les aspects économiques des questions de la défense

Extract from Minutes of Meeting of Panel on Economic Aspects of Defence Questions

SECRET [Ottawa], March 10, 1950

Present:

Mr. N.A. Robertson, (Secretary to the Cabinet), in the Chair
Dr. W.C. Clark, (Deputy Minister of Finance)
Mr. C.M. Drury, (Deputy Minister of National Defence)
Lieutenant General C. Foulkes, (Chairman, Chiefs of Staff Committee)
Mr. S.D. Pierce, (Associate Deputy Minister of Trade and Commerce)
Mr. C.S.A. Ritchie, (Representing the Under-Secretary of State for External Affairs)
Mr. R.A. MacKay, (Department of External Affairs)
Mr. George Ignatieff, (Canadian Embassy, Washington)
Mr. E.B. Armstrong, (Department of Finance)

Secretariat

Mr. E.W.T. Gill (Privy Council Office)
Mr. James George (Department of External Affairs)

I. CANADA-U.S. ARRANGEMENTS FOR MILITARY PROCUREMENT

1. *The Chairman* welcomed Mr. Ignatieff to the meeting and asked him to review the progress in Washington of Canada-U.S. procurement arrangements.

Mr. Ignatieff began by saying that, now that provisional arrangements had been completed for financing F.86 aircraft parts by means of a Letter of Credit, the Department of State wished to have a formal order from the Canadian Government; the State Department would, of course, pass the order to the Department of Defense, but State was responsible, under the M.D.A. Act, for handling military procurement transactions with foreign governments.

2. *Mr. Ignatieff* added that the State Department would like our comments on any aspect of procurement of classified military equipment, and were anxious to know, as soon as possible, in specific terms, what were our difficulties in procuring military equipment in the United States by means of the present procedure laid down in Article 408(e) of the M.D.A. Act; the reason for haste in forwarding our comments on this particular point was that the State Department were at present preparing some revisions of the M.D.A. Act and hoped to be able to meet our difficulties.

3. *Mr. Ignatieff* then reported that the State Department had suggested that we consider transmitting to the State Department a quarterly statement of our incidental requirements, together with a cash deposit or a Letter of Credit to cover the full-cost-in-advance requirement of the M.D.A. Act; this would enable us to avoid

unnecessary delays in the procurement of routine classified material such as military handbooks, and also to reduce to a minimum the time between the presentation of our order, with our money, and the time of delivery.

4. *The Deputy Minister of National Defence* raised, as a specific example, the order which his department would like to place in the United States for seventy-five Avenger aircraft, to be purchased "off the shelf" for cash, and to be delivered to our representatives in the United States at the time of payment, by prior arrangement with the U.S. Defense Department. He wondered whether our Exchange of Notes covering the Letter of Credit arrangements for F.86 procurement limited us to transactions financed by Letter of Credit, or whether we could purchase for cash.

Mr. Ignatieff stated that the Exchange of Notes did not prevent cash transactions; we were simply permitted, in addition, to finance such purchases as F.86 "kits" by means of a Letter of Credit, which would be regarded as the equivalent of cash under the M.D.A. Act.

5. *The Deputy Minister of Finance* stated that we should stick as close as possible to cash on delivery and that we must press for some sort of arrangement which would enable us to purchase military equipment in the United States from the U.S. Government without breaking our own law and normal business practice; he added that he did not think the Canadian Government would wish to change our basic accounting law to enable Canadian funds to be paid out on the authority of a representative of a foreign government.

The Chairman, Chiefs of Staff Committee observed that Mr. Johnson's principle of "cash on the barrel" was not inconsistent with Canadian requirements, but that the M.D.A. Act went much further in providing "full cost in advance".

Mr. Ignatieff said that the State Department was now inclined to agree that the full cost in advance provision must be modified; they were thinking of widening the scope of the M.D.A. Act in order to provide a means of procuring arms for the threatened areas of South East Asia (which might be given loans for this purpose) and they were thinking of a revision of the M.D.A. Act that would simply commit foreign governments to guaranteeing that they would be responsible for the full cost before the contract was let, but that would not require that the full cost be provided with the order.

General Foulkes thought that another reason for the United States authorities to amend the M.D.A. Act might perhaps be that they were thinking of machinery that would enable Western Europe to purchase military equipment in the United States after mutual aid comes to an end.

6. The United States authorities, *Mr. Ignatieff* added, had not contemplated new bilateral legislation providing special procurement arrangements for Canada at the present time; their approach to the problem was essentially multilateral. Moreover, he thought it was unlikely that they would introduce new legislation or amendments to the financial provisions of the M.D.A. Act, which would involve asking Congress for additional funds, however small. Both Mr. Acheson and Mr. Johnson had committed themselves, in hearings in Executive Session of Congress prior to the passage of the M.D.A. Act, to the position that the procurement arrangements proposed would not in any way involve expenditures of U.S. funds; it followed that

even a proposal for a revolving fund would be unlikely to be put forward to Congress in its present mood of protectionism and economy, especially in view of the present uneasy relations between Congress and the State Department.

The Deputy Minister of Finance then observed that the State Department might be as wrong in saying that new bilateral legislation to cover Canadian requirements was impossible, as they were when they said we could not reach a satisfactory solution on our Letter of Credit proposal for the F.86. We could, and should, make a good case for special Legislation to cover our particular requirements on the basis that what we are wanting was simple and, in terms of money, was insignificant — the "peanuts" approach.

The Chairman, Chiefs of Staff Committee added that we should not, however, underplay the potential importance of arrangements that would enable us to maintain in Canada a nucleus of defence industries which would be of great importance, in the event of war, to joint defence, and that we should continue to press, on these grounds, the U.S. Department of Defense to carry out Secretary Johnson's promise that special legislation to meet Canadian requirements would be introduced. Mr. Claxton would undoubtedly be reminding Mr. Johnson of his promises at the forthcoming meeting of the North Atlantic Defence Committee.

Mr. Ignatieff pointed out that one of the difficulties which the Administration would face in introducing new legislation was that there were no formal Treaties of mutual defence between Canada and the United States, but only Declarations made under the President's executive powers; if Congress were asked to pass any special legislation for Canada, it would open up a general debate on Canadian-U.S. joint defence and might also bring about Congressional pressure upon the Administration to ask Canada to make a mutual aid contribution under the North Atlantic Treaty.

7. *Mr. Ignatieff* said he recognized the desirability of new legislation to cover Canada's needs, but that he thought we were more likely to get immediate results if we were to concentrate our representations upon asking the U.S. Administration to meet our requirements by:

(a) minor revisions of the M.D.A. Act, and,

(b) the use of "executive discretion" to find a way through some of the loopholes of the "Buy American" Act, on the grounds that it was "in the national interest" to support, in some measure, Canadian defence industries by making purchases in Canada for the U.S. armed forces of certain items that the Munitions Board would, in a week's time, be recommending to Secretary Johnson for his approval.

General Foulkes and *Dr. Clark* nevertheless urged that we should continue to press for new legislation rather than spending endless time trying to buy in the United States through loopholes and back doors; if the United States authorities were interested in encouraging the Canadian Armed Forces to standardize on American equipment, they would have to make it possible for us to buy the equipment.

8. *Mr. MacKay* wondered whether, if we were to press for new legislation, we might not run a serious risk of upsetting the encouraging new approach which the U.S. Munitions Board were at present making to secure approval for the purchase

of some items of military equipment in Canada. However, *General Foulkes* thought that this would never be satisfactory in the long run, certainly not in the event of war, as the list of items which the U.S. Munitions Board might be permitted to purchase in Canada would be too small, and the procedure would lead to further lengthy debates on the interpretation of U.S. legislation.

9. *Mr. Ignatieff* then remarked that the U.S. authorities had admitted that they would have no difficulty in meeting Canada's wishes in the event of war; it almost appeared as if a national arrangement would be so difficult for the United States Congress to approve that we would be left in the position that our defence industries would be allowed to run down until the time of mobilization, when it would be impossible to mobilize them as rapidly as the situation would demand.

10. *The Panel* then turned to a discussion of an Aide Mémoire on procurement (Panel Document ED 8† circulated at the meeting) drafted by the Department of External Affairs in a form in which it could be given to the State Department as an outline of our views on all aspects of the problem. After further discussion, it was agreed that:

(a) The Department of National Defence would ask the Department of External Affairs to convey a formal order to the State Department for F.86 "kits", (see para. 1 above).

(b) The Department of Finance would complete their statement of Canadian objections to Article 408(e) as quickly as possible (see para. 2 above) so that representations through our Embassy in Washington could be made, it being understood that our representations for the revision of the M.D.A. Act would be without prejudice to our principal objective, which was to secure the passage of special U.S. legislation covering the unique circumstances of Canada-U.S. procurement which, the Panel believed, could not satisfactorily be met by the revision of any multilateral legislation such as the M.D.A. Act.

(c) The Department of National Defence and the Department of Finance would provide the Department of External Affairs with their comments on the State Department's suggestion for the establishment of quarterly requirement lists (and payments) for our minor requirements (see para. 3 above).

(d) The Department of External Affairs would redraft Document ED 8, in consultation with the Secretary to the Cabinet, and the revision would be cleared as soon as possible with the Secretary of State for External Affairs, and presumably with Cabinet.

(e) The presentation should emphasize that what we want:

(i) is in the best interests of the joint defence of our two countries; and,

(ii) would not involve, at least in peacetime, any substantial sums of money, nor would it vitally affect the interests of any segment of United States industry; yet,

(iii) it would greatly strengthen the potential of our defence industries, and very materially reduce the delays of industrial mobilization; while,

(iv) in the absence of satisfactory Canada-U.S. procurement arrangements, we should be forced into inefficient high cost production by having to manufacture in Canada equipment we could more efficiently obtain from the United States,

thus duplicating their industrial effort and reducing the scope of our more efficient defence industries.

(f) The Department of Finance would revise Panel Document ED 7† (circulated at the fifth meeting of the Panel), so as to present their points without suggesting the exact wording of any U.S. legislation that would be required, and offering, by way of reciprocity, similar legislation to facilitate U.S. procurement in Canada and offering also the buying and inspection services of the Canadian Commercial Corporation for U.S. procurement in Canada.

. . .

764. DEA/52-N(s)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-628 Washington, March 15, 1950

CONFIDENTIAL

MILITARY PROCUREMENT

1. Towe and Ignatieff saw Snow and Wight of the Canadian Desk yesterday afternoon in order to expedite clarification of outstanding procurement questions.

2. Snow was told of Mr. Drury's visit this week and we took the occasion to emphasize that it was desirable to take advantage of this visit to clear up outstanding procurement difficulties. These include the procedures governing the procurement of items other than the F.86A components, the consideration of our objections to the present provisions of section 408E of the M.D.A.A. and the problems connected with reciprocal purchases. We took occasion again to stress the inadequacies from our standpoint of the present M.D.A. legislation and indicated that we would continue to press not only for amendment of section 408E, but also for special legislation which would facilitate the movement of military equipment and supplies across the border. In particular we would hope that new legislation would be possible which would eliminate the present situation in regard to payments for material purchased in the United States and enable such payments to be related to delivery of goods or services rendered. We also hoped that the legislation would enable the United States services to purchase in Canada overriding in this respect the provisions of the Buy American Act.

3. Snow thought that such special legislation would have little chance of getting Congressional approval particularly if it involved a new appropriation for a revolving fund. With respect to the Mutual Defence Assistance Act, he admitted there was still some tendency in the State Department to regard section 408E, particularly if it were amended to formalize the letter of credit arrangement, or similar means of payment, as meeting most of the financial difficulties which Canada had

encountered thus far. He said that it would be helpful if we would submit an aide mémoire outlining the inadequacies of the present M.D.A. legislation from our standpoint, and the revisions which we would wish to see incorporated in the M.D.A.A. of 1950 (such an aide mémoire could, of course, be submitted without prejudice to our desiderata for "special" legislation). On the question of United States purchases in Canada, Snow said that he was almost certain that no provision of this nature could be inserted in a revised M.D.A.A., and that our best chance of success on this score at the moment lay in administrative use of the present escape provisions of the Buy American Act.

765. DEA/52-N(s)

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-533 Ottawa, March 28, 1950

SECRET

REVISION OF THE M.D.A.A.

I understand that it has been agreed with officials of the State Department that written comments on our difficulties under Section 408(e) of the M.D.A.A. might be left informally with the State Department. The following telegram represents an agreed comment by the Deputy Ministers of National Defence and Finance.

In presenting the written comments to the State Department you might suggest orally that while we appreciate their difficulties we hope that they have given or will give very careful consideration to the following: (a) the establishment of a revolving fund from which payments might be made, the Canadian Government to replenish the fund on delivery of the articles being purchased or subsequent to performance of partial performance of a contract; (b) the insertion of a separate title in the M.D.A.A. setting forth the special Canadian-U.S. relationship and making provision for meeting the requirements of our general accounting legislation.

2. See my immediately following telegram.

766. DEA/52-N(s)

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-534 Ottawa, March 28, 1950

SECRET

MUTUAL DEFENCE ASSISTANCE ACT

See my immediately preceding telegram.
Following is statement of our difficulties under Section 408(e) of the Act.
Statement Begins:

1. The provision of the Mutual Defence Assistance Act which, as interpreted in the light of the course of the legislation through Congress, is held to require a foreign government placing orders for military equipment in the United States to deposit with the United States Government the full estimated cost of the equipment in advance of placing the order is in direct conflict with The Consolidated Revenue and Audit Act, the basic law of Canada governing the financial administration of the Government and parliamentary control of governmental expenditures. Section 30 of this Act reads as follows:

> "No payment authorized by Parliament shall be made in respect of work performed or material supplied whether under contract or not, in connection with any part of any public service of Canada, unless, in addition to any other voucher or certificate which is required in that behalf, the deputy head or other officer charged with the administration of the particular service, certifies that such work has been performed, or such materials supplied, as the case may be, and that the price charged is according to contract, or if not covered by contract, is fair and just."

To meet the urgent requirements of a particular contract which had been arranged several months ago (a $11.5 million contract for the purchase of certain aircraft components in the United States), we suggested that as an exceptional measure to avoid delay in securing the execution of this urgent order Canada would be prepared to arrange with a United States bank for an irrevocable letter of credit in favour of the United States Government for the estimated cost of the contract, to be drawn down from time to time as work was completed or as deliveries were made in accordance with the terms of the contract. We felt that by the use of such letter of credit, we would be meeting the literal terms of the National Defence Assistance Act, i.e., at the time of placing the order we would through the letter of credit be "making available" to the United States Government the full estimated cost of the order. We also felt that by providing such a letter of credit on an *irrevocable* basis, we would be meeting fully the purpose which we understood Congress had in mind in drafting the financial provisions of the M.D.A.A., namely, the desire to safeguard against an irresponsible or financially weak foreign government getting the

United States authorities to place an order for defence equipment on its behalf and later cancelling the order after part of the expenditure had been incurred, or claiming financial inability to pay after the order had been completed. Under our proposal this danger would be avoided, because no government which was financially weak or irresponsible would be able to arrange an irrevocable letter of credit with a United States bank (unless of course adequate security was deposited with the bank).

3. After extended discussion, the detailed arrangements respecting this letter of credit and its application to the particular order for aircraft components have been worked out and agreed to by both parties. The procedure which it has been necessary for Canada to agree to in regard to drawing down the credit and accounting for payments may be outlined as follows:

(a) The United States bank with which we have arranged to establish the credit has had to be authorized by Canada to pay to the Treasurer of the United States from time to time the amounts requested to be so paid by the United States Secretary of State or his designate. The payments must, so to speak, be automatic; they cannot be dependent upon any certificate from a Canadian administrative official that work has been performed or equipment delivered or upon any prior approval of the Canadian Comptroller of the Treasury.

(b) It may be possible for the Canadian authorities to consider every such payment as an accountable advance, which must be made each month in sufficient time in advance to permit of processing through the United States Government procedure in time to meet the payments which the United States Defence Department will be required to make on contracts placed for Canadian account or deliveries made from Government sources. (In the Canadian Consolidated Revenue and Audit Act no specific authority is given to make accountable advances but there is an implication in Section 32(2) that such accountable advances may be made provided they are brought to account within a short time after the close of the fiscal year. Section 32(2) reads as follows:

> "Accountable advances to any person for any purpose, which remain unaccounted for at the termination of the fiscal year, shall be repaid or accounted for within fifteen days thereafter. The Treasury Board, having regard to the special circumstances of any particular case, may, on the recommendation of the Comptroller, set a later date for such settlement, but in no case shall such later date be beyond sixty days after the termination of the fiscal year.")

The difficulty here is that it can be strongly argued that Section 32(2) is meant to relate only to personal advances for travel and the like and not to cover advances for business transportation.

(c) There will be no accounting for the payments so made through submission to Canada of original vouchers, but Canada will be supplied each month in arrears with a certified statement of the disbursements made on the Canadian contracts and deliveries.

(d) While the original documents to support these payments will later be available in the St. Louis office of the United States Defence Department for inspection by a Canadian Treasury representative, and possible reconciliation with the con-

tracts, these original documents will not be turned over to Canada in support of the payments.

(e) While Canada hopes to be able to effect a reconciliation and thereby determine the necessary accounting adjustment to be made in the Canadian accounts before the close of the accounts for the fiscal year, as required by Section 32 of our Consolidated Revenue and Audit Act, the only bona fide documents that can be relied on as full and complete accounting will be the certified inspection and receipt vouchers which will be submitted only after the equipment is delivered in Canada.

4. The foregoing procedure means that Canada must permit the United States State and Defence Departments to perform the certifying functions reserved by Canadian law to the appropriate administrative officer of Canada (in this case, the Deputy Minister of National Defence), and the payment functions (involved in the withdrawals under the letter of credit and subsequent disbursements of funds to contractors) which by Canadian law are reserved to the Comptroller of the Treasury. Section 27(1) of the Consolidated Revenue and Audit Act reads as follows:

> "All issues of public moneys out of the Consolidated Revenue Fund shall be made under the direction and control of the Comptroller by cheque, or other instrument as the Treasury Board may from time to time direct, but no such issue shall be made in excess of any appropriation authorized by Parliament."

The extent to which the arrangement departs from Canadian law is apparent. It seems possible to rationalize it only on the assumption that in effect the United States State and Defence Departments are acting as agents of the Canadian Deputy Minister of National Defence and the Canadian Comptroller of the Treasury. It is hoped that we may be able to justify this exceptional procedure in this particular case as an emergency measure but it is obvious that it could not be justified as a permanent procedure. Statement ends.

767. DEA/52-N(s)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

DESPATCH 797 Washington, March 29, 1950

Sir:

I have the honour to forward herewith three copies of a report of the talks between Mr. C.M. Drury, Deputy Minister of National Defence, and officials of the Department of Defence and the State Department in Washington on problems of procurement of military supplies and equipment.

2. These talks took place during Mr. Drury's visit to Washington from Thursday, March 16th, until Saturday, March 18th, 1950.

I have, etc.

G[EORGE] IGNATIEFF
for Ambassador

[PIÈCE JOINTE/ENCLOSURE]

Rapport du sous-ministre de la Défense nationale

Report by Deputy Minister of National Defence

[Washington, n.d.]

TALKS WITH OFFICIALS OF THE DEPARTMENT OF DEFENCE AND THE STATE DEPARTMENT IN WASHINGTON ON PROBLEMS OF CANADA-U.S. PROCUREMENT OF MILITARY SUPPLIES AND EQUIPMENT

On Thursday, 16th March, Mr. Drury had talks with Mr. Stephen T. Early, Deputy Secretary of Defence; Mr. Marx Leva, Assistant Secretary of Defence in charge of legal and legislative affairs; Mr. Hubert E. Howard, Chairman of the Munitions Board, and Brigadier General E.C. Langmead, Director of Military Programmes, Munitions Board. Mr. N.E. Halaby, Director of the Office of Foreign Military Affairs; Major General L.L. Lemnitzer, Director of the Office of Military Assistance; Mr. Francis T. Greene, Legal Counsel to the Director of the Office of Military Assistance, and Major General Patrick Timberlake, Chief of Staff, Munitions Board, were also present. On Friday, 17th March, Mr. Drury had a talk with Mr. John H. Ohly, Deputy Director of Mutual Defence Assistance at the State Department. Mr. William P. Snow, Officer-in-Charge of Dominion Affairs, was also present. Mr. George Ignatieff, of the Canadian Embassy, accompanied Mr. Drury to all the interviews. Mr. R.D. Macdonald, of the Canadian Commercial Corporation, was present at the meeting with Mr. Howard, Chairman of the Munitions Board, and Mr. P.M. Towe, of the Canadian Embassy, was present at the interview with Mr. Ohly.

Special Legislation

Mr. Drury outlined to the United States officials the present difficulties in the procurement by Canada of military supplies and equipment in the United States under the Mutual Defence Assistance Act, and also the effects of the "Buy American" legislation on the procurement in Canada of military supplies and equipment for the use of the United States armed services. In particular, Mr. Drury put the case for the need of special legislation to be enacted both in the United States and Canada in order to provide complete legislative freedom for each country to purchase from the other as may be expedient in the interests of mutual defence. Mr. Drury emphasized that arrangements which had been worked out for the procurement of certain equipment by Canada from the United States, such as the F86A components, could be regarded only as temporary expedients and that freedom in the exchange of equipment across the frontier should be the objective towards

which both governments should be working if the military preparedness of the two countries is to be built up to meet an emergency.

Mr. Early and Mr. Leva both acknowledged the desirability of working towards the objectives outlined by Mr. Drury. However, they stressed that while the United States Administration was completely in sympathy with these objectives, it was not possible to undertake the legislative action required during the present session of the Congress, considering the crowded nature of the legislative calendar and that 1950 was an election year. They suggested that remedial interim legislation be sought by amendment of the reimbursable aid clause (Section 408(e)) of the Mutual Defence Assistance Act and that plans be discussed between the Canadian and United States Governments with a view to having special legislation relating to Canada-United States procurement problems considered by the Congress in 1951.

While Mr. Drury argued in favour of comprehensive legislation covering the overall requirements of procurement of military supplies and equipment by Canada in the United States and vice versa, as a means of implementing in the procurement field the mutual defence arrangements which have existed since the Ogdensberg Declaration, the United States officials preferred a step-by-step approach. Mr. Leva emphasized the necessity of preparing Congressional opinion before proposals for bilateral arrangements to govern Canada-United States procurement are put forward by the Administration. He said that it would be difficult to obtain an outright repeal of the "Buy American" Act. He suggested that the ground should be prepared by having the Joint Industrial Mobilization Board make a study of Canada-United States procurement problems and submit recommendations. He thought that, as a next step, provision might be incorporated in the Annual Appropriation Act of the National Military Establishment to the effect that "notwithstanding any other provision of law", procurement up to a certain amount may be made by the United States armed services for their use from Canadian sources. Mr. Drury, dissenting from this piecemeal approach, urged that consideration be given to seeking legislation comprehensive in scope and continuing over a period of time as no firm plans for industrial mobilization could be based upon special authorization inserted into annual Appropriation Acts.

Conclusions reached in the talks with Mr. Early and Mr. Leva were:

(a) that the question would have to be divided into immediate and long-range objectives;

(b) that, as an immediate objective, improvement in the arrangements governing the procurement by Canada of military equipment in the United States should be sought through amendments in the reimbursable aid clause (Section 408(e)) of the Mutual Defence Assistance Act;

(c) that action on reciprocal purchases should also be taken immediately by making use of the loop-holes provided by the discretionary powers given to the Administration under the "Buy American" Act;

(d) that the long-range problem of special remedial legislation be further explored through, if appropriate, the Joint Industrial Mobilization Board. (Leva also suggested that more specific suggestions with regard to special legislation might be put forward in a letter from Mr. Claxton to Mr. Johnson).

Reciprocal Purchases

The question of reciprocal purchases was taken up by Mr. Drury with Mr. Howard, Director of the Munitions Board. Mr. Howard, like Mr. Early and Mr. Leva, was sympathetic to the idea of working out continuing arrangements to govern procurement on a reciprocal basis, but also advocated a step-by-step approach. He referred to the study (nearly completed) by the Munitions Board of the possible procurement in Canada of military equipment for the United States armed services. He suggested that, as a first step, the Secretaries of the Army, Navy and Air Force would have to be persuaded by the Munitions Board to use their discretionary powers under the "Buy American" Act to authorize the procurement of certain specific items which were either unprocurable in the United States or could not be procured on as satisfactory terms as they could be in Canada. Mr. Howard also said that, in the first instance at least, it would probably be necessary to match United States and Canadian purchases of military equipment in dollar value. For this reason, Mr. Howard asked that he be supplied as soon as possible with a list of purchases of military equipment made by the Canadian Government in the United States, indicating their value, in the fiscal year 1949/50, and he asked for a list of items, with their value, which the Canadian Government expect to purchase in the United States in the fiscal year 1950/51. Mr. Drury explained that the idea of matching Canadian and United States procurement of military supplies dollar for dollar was not a satisfactory objective, as this consideration did not touch upon the important aim of advancing specialization and military preparedness to enable the two countries to mobilize effectively in the event of an emergency. Mr. Macdonald stated that the list of items was currently being prepared by C.C.C. and should be ready in a week or so.

Mr. Howard suggested that these were longer term objectives which required further study, possibly through the Joint Industrial Mobilization Board. Such a study might, for instance, review the principles contained in the Hyde Park Declaration, in order to bring out the kind of arrangements towards which the two countries should work in preparation for an emergency.

The Recommendations for Reciprocal Procurement to the Munitions Board

Mr. Drury discussed with General Langmead the recommendations which were in the course of preparation for consideration by the Munitions Board (composed of the Chairman, Mr. Howard, and the Secretaries of the Army, Navy and Air Force) on Canada-U.S. procurement. This study of the Munitions Board had been ordered by the U.S. Secretary of Defence in consequence of the recommendations of the 12th October, 1949, of the Permanent Joint Board on Defence. General Langmead expressed the view that special legislation to govern reciprocal procurement was not immediately realizable in view of present Congressional opinion with regard to the "Buy American" Act. As an interim measure, it was desirable to isolate certain items which were either unprocurable by the United States armed services from sources in the United States, or could be procured more satisfactorily in Canada. A study of such items by the Munitions Board staff was almost complete. If the Board will adopt the proposals of its staff, then the Secretaries of the Army, Navy and Air Force would have to use their discretionary powers under the "Buy

American" Act to authorize the purchase of such items from Canada. The preparation of special legislation would require further consultation between the two governments, but this would take time. He hoped that the recommendations of the Munitions Board would include both adoption of the scheme to take advantage of the "Buy American" Act loopholes, and also a recommendation that special legislation was desirable.

Procurement Under the Mutual Defence Assistance Act

Completion of F86 Arrangements. While arrangements for the procurement of F86 components had been virtually completed, there still remained the procedural problem of deciding the exact form the final note covering the firm order of the Canadian Government to the State Department should take. The suggestion was made to Mr. Ohly that it was extremely desirable that the note be in general terms setting forth an undertaking by the Canadian Government to procure F86A components up to the amount of the Letter of Credit and specifying that details would be supplied directly to the United States Air Force by the Canadian Commercial Corporation. Mr. Ohly admitted that he himself saw no objections to this type of arrangement and undertook to do everything possible to expedite a decision.

Other Types of Military Equipment. Mr. Ohly was asked if any decisions had been reached on the procedure which would govern the procurement of items of military equipment other than F86A components. Mr. Ohly said that there had not yet been any definite decision and he was apparently unwilling to describe in any detail the procedure which might finally be proposed by the United States authorities. He said that further interdepartmental consultation was necessary. He did indicate, however, that the new procedure might make it possible for the Canadian Commercial Corporation, in cases where cash was available, to deal directly with the United States armed services.

Procurement of Avenger Aircraft. Before the meeting with Mr. Ohly, the State Department had informed the Embassy that a memorandum had been drafted which recommended that the State Department, upon receipt of a request from the Canadian Government to purchase seventy-five Avenger aircraft from the United States Navy, should ask the Department of Defence that the Canadian request be treated as expeditiously as possible and that procurement should be carried out outside the framework of the M.D.A.A. under surplus disposal procedures if possible. This memorandum had been signed by Mr. Perkins, Assistant Secretary for European Affairs, but would have to be agreed to by Mr. Ohly, Deputy Director of the M.D.A. before State Department policy with respect to this particular transaction was determined.

Mr. Ohly was careful not to commit himself. He expressed an apprehension lest such a transaction might prejudice Congressional acceptance of amendments to the Mutual Defence Act. He thought it might be necessary to secure the informal approval of certain Congressmen before proceeding further. However, he undertook to expedite a decision and was not unhopeful that this transaction would be authorized.

Amendments to the Mutual Defence Assistance Act

Mr. Ohly said that the Administration expected to seek several amendments to the M.D.A.A. from the Congress this spring. With particular respect to Section 408(e), he said that an amendment would probably be introduced which would enable governments to pay the full cost of contracts in instalments instead of paying the full cost in advance of the contracts. This amendment would be designed to obviate the necessity of tying up for an unnecessarily long period foreign governments' funds. The legal difficulties of this type of transaction, in view of the Consolidated Revenue and Audit Act, were explained by Mr. Drury in detail to Mr. Ohly. He agreed that there appeared to be a serious incompatibility between Canadian and American legislation and said that it would be most helpful if we could present an informal memorandum outlining our difficulties and setting forth the relevant provision of the Consolidated Revenue and Audit Act. On the question of timing, he explained that the legislative proposals had to be submitted to the Bureau of the Budget for approval well in advance of the Congressional hearings. As the hearings on the Mutual Defence Assistance Act are scheduled to start in the middle of April, it would be necessary to have all legislative proposals (including our own suggestions for change in Section 408(e)) submitted to the Bureau of the Budget within ten days.

With regard to the possibilities of more comprehensive legislation in the future, Mr. Ohly was very cautious, but thought that the idea of special legislation, on a reciprocal and bilateral basis, including the provision of a revolving fund, might profitably be explored. While he thought that proposals for such special legislation could not be submitted this year, it need not be postponed into "the remote future".

Conclusions

From these talks with United States officials, certain conclusions follow:

(a) There is sympathy and willingness to co-operate with the working out of mutually acceptable arrangements to govern Canada-United States procurement.

(b) It is not deemed practicable by the United States Administration to initiate legislative action during the present session of the Congress (1950) to obtain special legislative action to govern Canada-United States procurement.

(c) A first step can be taken to enable the United States armed services to purchase equipment in Canada through the discretionary powers of the "Buy American" Act.

(d) Further consultation is required between the Canadian and United States governments to prepare the way for special legislation which would be sought, on a reciprocal basis, by the two countries, if possible in the year 1951.

(e) This consultation could take place, if deemed appropriate, through the Joint Industrial Mobilization Board.

(f) The sponsors of this special legislation, on the United States side, would be the Department of Defence; a further statement of objectives in regard to special procurement legislation desired by Canada should be made in a letter from the Minister of National Defence in Canada to the Secretary of Defence in Washington.

(g) Some remedial action can, and should, be sought through amendment of the Mutual Defence Assistance Act by the submission to the State Department, of a statement of the present defects in Section 408(e) of that Act.

(h) The United States Munitions Board should be encouraged to press for the necessary authorization within the limits of the "Buy American" Act to procure certain specified items of equipment for the United States armed services from Canada.

768. DEA/52-N(s)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-765 Washington, March 30, 1950

SECRET. IMPORTANT.

REVISION OF MUTUAL DEFENCE ASSISTANCE ACT

Your messages EX-533 and EX-534.

1. Ignatieff and Keith saw Ohly, Deputy Director of the Mutual Defence Assistance Programme in the State Department on Thursday, March 30th, and left with him the written comments on our difficulties under Section 408(e) of the MDAA as contained in your message EX-534.

2. This written message was supplemented orally with the comments suggested in your message EX-533. Ohly was very appreciative of the written statement and said that it would be helpful in considering amendments to the M.D.A.A. As regards establishment of the revolving fund, Ohly explained that there would be difficulty in making special provision for a revolving fund related to Canadian procurement under the M.D.A.A. However, (as he had told Mr. Drury) he was willing to explore the idea in connection with special legislation on a reciprocal and bilateral basis which would require further consultation between the two Governments. It is unlikely, he said, that this consultation could take place until after the hearings on the Mutual Defence Assistance Programme had been completed as these would occupy most of the time of himself and his assistants.

3. With regard to the possibility of inserting a separate title in the Mutual Defence Assistance Act making provision for meeting the requirements of our general accounting legislation, Ohly said that he had been giving careful consideration to this question but so far held the opinion that they could not introduce successfully any bilateral feature into the M.D.A.A. legislation because this Act is designed to cover the full range of foreign military assistance in general terms.

4. With regard to the amendment of Section 408(e) at present under consideration, Ohly said that official thinking had not yet been firmed up. They are still considering an alteration in the present wording of Section 408(e) to permit pay-

ment of "full cost" in instalments and also the writing down of value of equipment sold from stock or surplus on account of depreciation or obsolescence. Ohly said that he would like to include in the revision of 408(e) to be proposed at this session of the Congress some wording which would help to meet our accounting difficulties. He suggested immediate consideration of the idea that collateral security either in full or in part might be provided by the purchasing country so that actual payments by Canada could be deferred until they matched more closely evidence to us of performance on the contract, or delivery. This procedure would be intended to guarantee the United States against cost or risk of cost to the United States. Ohly said that this was an idea which had occurred to him and had not been developed at all and invited our reaction as soon as possible.

5. Your comments on this point would be appreciated as soon as possible. It is realized that there may be difficulties with the collateral procedure, but it was thought best to encourage Ohly's evident desire to be helpful.

769. DEA/50213-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

DESPATCH 1127 Ottawa, April 17, 1950

SECRET

Sir,

As I [you] anticipated in the enclosure to your despatch No. 797 of March 27 [29], which summarized Mr. Drury's recent discussions in Washington on military procurement, the Minister of National Defence has now sent a letter to the United States Secretary of Defense urging special legislation that would authorize:

(a) United States defence purchases in Canada;

(b) The establishment in Washington, on a reciprocal basis, of a U.S. revolving fund to cover the initial financing of Canadian purchases made through the U.S. Department of Defence.

2. Enclosed are copies of the following documents, the first of which was received this evening:

(1) Two copies of Mr. Claxton's letter of April 15 to Secretary Johnson;

(2) One copy of Mr. Drury's letter of March 30† to Mr. Heeney which enclosed a draft letter to Secretary Johnson that was very similar to the final document.

3. Mr. Claxton consulted the members of the Cabinet Defence Committee before sending his letter to Secretary Johnson.

4. You may wish to give a copy of it to the State Department for its information. I understand from Mr. Drury that A/V/M Campbell informed you that he was having the letter delivered to Secretary Johnson.

I have, etc.
R.A. MacKay
for Secretary of State
for External Affairs

[PIÈCE JOINTE 1/ENCLOSURE 1]

Le ministre de la Défense nationale
au secrétaire de la Défense des États-Unis

Minister of National Defence
to Secretary of Defense of United States

SECRET Ottawa, April 15, 1950

Dear Mr. Secretary,

In the hope that I might be able to present some definite proposals, I have delayed acknowledging your kind note of March 20th,† concerning the recent visit of my Deputy Minister to Washington. These proposals together with background material with which you will be familiar I have incorporated in the attached memorandum. You will see that they suggest that certain action be taken by each of our countries in order that our military procurement policies may have the flexibility which has proved so advantageous to our other joint military activities.

The view, expressed at the recent meetings at The Hague, that regional solutions should be found for regional problems, suggests that special arrangements within the North American Regional Group are to be sought, and would likely be welcomed by our colleagues on the Defence Committee.[15]

Please let me express my appreciation for the great courtesy and friendliness shown by your officers to my Deputy Minister whilst in Washington. The discussions confirmed our singleness of purpose in our two countries' work together for security and peace.

I earnestly hope that in our joint interests, it will be possible to re-establish in the procurement field the same spirit of useful collaboration which existed during the late war.

With kind personal regards.

Yours sincerely,
[Brooke Claxton]

[15] Voir le document 476./See Document 476.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Note

Memorandum

SECRET [Ottawa], April 15, 1950

UNITED STATES-CANADIAN MILITARY PROCUREMENT

Since the Ogdensburg Declaration of August, 1940, by Prime Minister King and President Roosevelt, establishing the Permanent Joint Board on Defence, co-operation in defence has been basic to the policies of both our governments. During the war, and following the Hyde Park Declaration of 1941, this co-operation was especially close, not only in arrangements for direct defence but also in the field of military production and supply.

2. Since the war the policy of joint defence has been often reiterated by both governments, notably in the joint statement of February 12, 1947, which announced such specific measures of co-operation as: interchange of Service personnel; encouragement of common designs and standards in arms, equipment, organization and methods of training; and mutual and reciprocal availability of military, naval and air facilities in each country. Joint training exercises and joint projects for experimental and other defence purposes have been frequent and successful. Above all, joint defence planning has become fundamental. Recently our common defence interests have been broadened by our membership in the North Atlantic Treaty Organization. Co-operation and collaboration in defence between our two countries has advanced to a degree that is unique among independent countries.

3. In the field of production and supply the degree of co-operation reached during the war has, however, greatly declined. On the one hand, Canadian Military production for U.S. account has virtually ceased; on the other, although since the war Canada has been turning to the adoption of U.S. military equipment, procurement of this equipment in the United States has become very difficult.

4. In the event of war, actual or anticipated, speedy expansion of military production by the industries of both the United States and Canada would be much more urgent than it was in 1939. The maintenance of a nucleus capacity for military production capable of rapid expansion in an emergency, is thus imperative in the interests of our common defence. Planning of military production in advance would also seem essential to permit of specialization to achieve optimum use of North American productive resources, to provide for dispersal of essential industry in order to lessen the vulnerability of North American industry to enemy attack and to provide alternative plants.

5. Preliminary steps to this end have already been taken through the establishment of the United States-Canada Joint Industrial Mobilization Planning Committee. Pending completion of examination of the whole problem by this committee, the procurement policies of the United States, if suitably designed, might well serve as an extremely important factor in maintaining a nucleus of capacity for military

production in Canada, and in encouraging specialization in military production by Canadian industry. The potential capacity of Canadian industry for military production, although small in comparison with that of the United States, far exceeds domestic requirements. Seventy percent of all our recent war production went to other countries. In many cases domestic requirements together with orders for export are not sufficient to maintain a nucleus capacity in a state of preparedness. As was well illustrated by developments during the recent war, many Canadian industries are capable of production for the United States, either for its own use or for mutual aid to other countries. Even relatively small orders by the United States government placed with Canadian industry would go far to maintain this desirable nucleus. In this connection, information about the productive capacity of certain Canadian industries has recently been furnished the United States Munitions Board.

6. The Canadian and the United States Chiefs of Staff have recognized that it is important to have the greatest possible degree of standardization of military equipment between forces which, in the event of war would certainly be called upon to act in concert. Restraints upon the use of common sources of supply in many instances act as a deterrent to standardization and frequently prolong the continuance in use of differing types of weapons. Present difficulties in attaining common standards frequently stem from procurement and supply problems rather than from inability of the military authorities to agree on these standards.

7. Unfortunately there are certain legislative barriers to effective co-operation in the field of procurement and supply. The recently enacted Mutual Defence Assistance Act has raised serious administrative and legal obstacles in the way of Canada's purchase of military equipment, despite the fact that Canada has been prepared to pay cash on delivery or on performance of contract services for all equipment acquired and has not asked, nor intends to ask, for any grant under the Act.

8. On the other hand, the "Buy American" Act prohibits purchases of military equipment in Canada for the account of the United States Armed Forces in the United States unless the appropriate official of the United States Administration declares that it is in the United States national interest that such purchases be made. It would be unsafe to conclude that continued reliance on exceptional action of this sort would provide a sound basis for joint planning for industrial mobilization.

9. Recent discussions between officials of the United States Defense Department and the Canadian Department of National Defence have led to the conclusion that, in order to overcome these difficulties, legislation is necessary. There is recognition of the considerable difficulties of so amending or modifying the provisions of the Mutual Defence Assistance Act as to provide mutually workable arrangements.

10. The most satisfactory solution to these difficulties would appear to require an Act of the United States Congress. Based on the very special United States-Canada defence relationship, such an Act would authorize the United States Armed Forces to procure military equipment in Canada to the extent that our common defence policy indicated. Furthermore, to make possible Canadian procurement in the United States of military equipment of types which cannot be obtained directly

from non-governmental sources, a revolving fund which would be used as the initial means of financing such procurement, could be established by such an Act; and the U.S. Armed Forces might continue to be authorized to provide the procurement and inspection services now envisaged under the Mutual Defence Assistance Act.

11. For its part Canada would be prepared to set up a corresponding revolving fund for use by the U.S. Armed Forces and would offer corresponding procurement and inspection services.

12. If such steps are taken a major advance will have been made in aligning our supply and production arrangements with our military co-operation and many obstacles to standardization and the implementation of defence planning will have been removed.

770. DEA/50200-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1076 Washington, May 10, 1950

SECRET

REVISION OF THE MUTUAL DEFENCE ASSISTANCE ACT

Ignatieff went to see Snow on Monday, 8th May, to discover the present status of the plans of the State Department regarding the revision of the Mutual Defence Assistance Act insofar as it relates to the provisions for procurement of military equipment in the United States by purchase under section 408(E) of the M.D.A.A.

2. Snow told him that, after a careful examination of the present law as well as consultation on the kind of amendments that would have a chance of acceptance by the Congress, it had been decided in the State Department to confine changes in section 408(E) to the following three points:

(I) To increase the discretionary powers of the President on the choice of countries to which procurement assistance through purchase might be extended; thus, the amendment would not limit the application of this article to nations which had "joined with the United States in a collective defence and regional arrangement";

(II) In the case of purchase of equipment from United States Government stocks, provision to be included for depreciation in value or obsolescence; the wording to be used is "the fair value" instead of "full cost actual or estimated";

(III) As regards method of payment, the current proposal is that the President should be given discretionary powers to accept "dependable guarantee of full payment" instead of the "full cost" prior to the execution of contracts.

3. Murphy (Controller of the M.D.A.A.) stated in a later discussion with Keith that the adoption of the third proposed amendment would raise the following problems:

(a) The arrangement of more liberal terms for some countries would lead to recriminations;

(b) If only an assurance to pay were required, it would leave unsettled the question of where the funds were to come from, and it would still be difficult if not impossible for the United States Government to enter into a contract without receiving some form of negotiable instrument from the purchasing country;

(c) Even a ruling by the President to the effect that a negotiable instrument was not required could not be translated into an instruction to a purchasing officer of the Defence Department; the latter would not be required to initiate a contract unless in his judgment there was adequate protection. For these reasons this proposal is still under close study.

4. Ignatieff pointed out to Snow that while these changes were no doubt helpful they did not appear to meet the difficulties arising from our accounting legislation with regard to certification of performance on contracts to which reference had been made in the previous discussions of this question, and particularly during Mr. Drury's visit. Ignatieff recalled that we had given an analysis of our problem to the State Department on March 30th. Snow said that our difficulties had been appreciated and consideration had been given to the problem of establishing a revolving fund. However, the conclusion had been reached that it was not practicable to submit a proposal at the present session of the Congress. In fact, Mr. Ohly, the new Director of the M.D.A.A., is apparently rather apprehensive of the reactions of the present session of Congress to the M.D.A.A. proposals which are to be submitted.

5. While realizing that the establishment of a revolving fund would probably be required to meet our accounting problems, Snow expressed the hope that it might be possible to work out some form of inspection procedure within the provisions of the law as now proposed whereby Canadian inspectors might spot check some of the important equipment items and thereby approach more closely Canadian accounting requirements. Without losing sight of our revolving fund objective, it would appear to be advantageous to explore the inspection and accounting possibilities again, once procurement and payment action under the F86A contracts is actually under way; it was the sense of the discussions with Snow that such a review would be carried out when some practical experience had been gained from the F86A transaction.

6. It should be kept in mind that the proposed amendments to the M.D.A.A. Authorization Bill have not been approved by the President as yet and until that action occurs they cannot be considered as administrative proposals. Their fate before Congress is, of course, even less predictable.

7. Congressional hearings are due to commence on May 24th and their progress will be reported.

771. DEA/50213-40

Le secrétaire de la Défense des États-Unis au ministre de la Défense nationale

Secretary of Defense of United States to Minister of National Defence

SECRET Washington, May 13, 1950

Dear Mr. Minister,

Referring to my letter of 5 May 1950,[16] I wish to inform you further that on 5 May 1950 I issued a directive to the Secretaries of the three military departments and to the Chairman of the Munitions Board requesting that a coordinated Department of Defense program for reciprocal purchasing of military equipment with Canada be developed for fiscal year 1951 within the range of 15 to 25 million dollars.

A thorough study of a reciprocal procurement program, as recommended to the US-Canada Permanent Joint Board on Defense, has been made by interested offices of this Department. As a result of this study, the Munitions Board recommended to me a reciprocal purchasing arrangement to the extent of 15 to 25 million dollars for fiscal year 1951.

Potential benefits of a reciprocal procurement program both to Canada and to the United States are great and such cooperation will contribute substantially to the speed with which the two countries will be able to participate jointly in mobilizing in the event of war.

It is believed that the most effective procedure for developing a reciprocal purchasing program might be for representatives of your government to maintain liaison with the Munitions Board. Therefore, it is suggested that appropriate Canadian representatives be designated to participate with the staff of the Munitions board in establishing procedure for a reciprocal purchasing program.

I enjoyed discussing this, and other matters with you during your recent visits.

With my kindest personal regards, I am

Sincerely yours,

LOUIS JOHNSON

[16]Non retrouvée./Not located.

[PIÈCE JOINTE/ENCLOSURE]

Note du secrétaire de la Défense des États-Unis

Memorandum by Secretary of Defense of United States

SECRET Washington, May 5, 1950

For: Secretaries of the Army, the Navy, the Air Force; Chairman, Munitions Board

DEPARTMENT OF DEFENSE POLICY AND DIRECTIVE—RECIPROCAL PURCHASING OF MILITARY EQUIPMENT WITH CANADA

1. The U.S.-Canada Permanent Joint Board on Defense at its 12 October 1949 meeting requested that policy decisions required to resolve the problem of U.S.-Canada reciprocal purchasing of military equipment be undertaken as being in the national interest of the United States and in the interest of Atlantic community defense. It is the purpose of this memorandum to establish the basic Department of Defense policy on reciprocal purchasing of military equipment with Canada for FY 1951.

2. The contributions which Canada made during the last war and the resources which Canada could bring to bear in defense of our common democratic principles are substantial. The magnitude of the military-industrial tasks for which the United States must plan do exceed the resources of the United States. It is, therefore, necessary that in Department of Defense preparation for and planning for a military emergency, adequate steps be taken to insure the availability of Canadian industrial production potential in support of the common cause.

3. While Canadian industrial production potential is substantial there is a degree of internal unbalance which forces purchase in the United States of some materials and some manufactured parts for military equipment. The financing of Canadian purchases in the United States during FY 1951 requires that provision be made for sustaining a volume of reciprocal purchasing of military equipment on the scale of 15 to 25 million dollars per annum.

4. Failure to develop a Department of Defense reciprocal purchasing arrangement with Canada, of the scope as established herein, would be inconsistent with the public interest.

5. It is desired that the Secretaries of Army, Navy and Air Force, acting through the Munitions Board, develop a coordinated Department of Defense program for reciprocal purchasing of military equipment with Canada for FY 1951 within the range of 15 to 25 million dollars.

6. Upon approval by the Munitions Board of the Department of Defense program for FY 1951, the Secretaries of the Army, Navy and Air Force will implement their respective procurement responsibilities under the program. Reports of progress will be submitted to the Munitions Board upon call by the Chairman of the Board.

LOUIS JOHNSON

772. DEA/50200-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1219 Washington, May 29, 1950

SECRET

REVISION OF THE MUTUAL DEFENCE ASSISTANCE ACT

Murphy, the Comptroller of M.D.A.A., mentioned in a conversation today that the Administration's recommendations for the revision of the Mutual Defence Assistance Act were now awaiting Presidential approval and it was not expected that there would be any last minute changes in their content.

2. The recommendations appear to be the same as those reported by teletype message WA-1076 dated the 10th of May, after a conversation with Snow.

3. Murphy mentioned specifically that points (II) and (III) of paragraph 2 of teletype message WA-1076 were unchanged. These are respectively, the use of "fair value" instead of "full cost actual or estimated" with respect to purchase of equipment from stocks; and the substitution of the phrase "dependable guarantee of full payment" instead of "full cost" for the definition of the method of payment.

4. Point (I) of paragraph 2 relating to the discretionary power of the President to nominate countries to which procurement assistance through purchase might be extended, was not mentioned by Murphy, but there is no indication that this provision has been dropped.

5. The provision of "dependable guarantee of full payment" would be interpreted by the President or his appointee in the light of the credit status of the country concerned. Murphy thought that country A, with a poor credit standing, might have to pay up the full amount of cash required in advance; whereas country B, with an excellent credit standing, might be required only to furnish assurance by means of a note that payment would be made as required by the contracts entered into on country B's behalf.

6. Insofar as Canada is concerned, this would probably mean that our formal assurance given in writing to meet payments required in any contract, and on an irrevocable basis, would suffice instead of the present arrangement calling for the provision of a letter of credit. It would be equivalent to the provision of a promissory note payable on demand. This arrangement would not meet our accounting objectives, and would not, from our point of view, approach more closely the revolving fund arrangement that we desire.

7. Murphy stated that the Revolving Fund possibility was discussed before the Bureau of the Budget and did not encounter any objections in principle. It was dropped because M.D.A.A. policy has dictated that revisions suggested to Congress at this time should conform as closely as possible to existing legislation. It is hoped

that the amendments introduced will be uncontroversial and will facilitate a smooth passage for the amending legislation.

8. It is considered that Canadian representations have made a favourable impression, but they have not been able to overcome the reluctance of United States officials to hazard the introduction of a controversial feature at this stage of the M.D.A.A. legislation.

773. DEA/50200-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1471 Washington, July 3, 1950

SECRET

MUTUAL DEFENCE ASSISTANCE PROGRAMME

1. An opportunity occurred today to discuss with Ohly, the new Director of the mutual defence assistance programme in the State Department, the amendments to the Mutual Defence Assistance Act which have just been approved by the Senate, as well as the broader questions of procurement policies connected with Canadian mutual aid which you asked us to discuss informally with United States authorities in your despatch No. 1846 of June 25th,† following the last meeting of the panel on economic aspects of defence questions held on June 6th and 7th.[17] Ignatieff and Keith attended this meeting, which was arranged by Snow, who is now temporarily attached to the M.D.A.P. staff pending his posting to Norway as M.D.A.P. representative there. Ohly expressed himself as definitely satisfied with the amendments authorized by the Senate in the Mutual Defence Assistance Act but he admitted that these would not fully meet our difficulties.

2. The hearings in Committee had gone well and Ohly was pleased that the total sum which had been sought by the Administration had now been authorized by the Senate. He expected that the House action would follow without any material change.

3. As regards the amendments to Section 408(e) relating to reimbursable purchase, Ohly made the following points:

(a) That it would enable us to buy equipment declared surplus at "fair value" instead of at "full cost". Senator Taft's amendment, as altered at the request of the State Department, merely represented a definition of "fair value" which would not be restrictive in effect;

(b) That the amendment now legalized payment by instalment;

[17] Voir le document 513./See Document 513.

(c) That the provision for payment requiring "a dependable undertaking to pay the full amount" represented the best that could be got from the Congress, bearing in mind that the number of countries to which this type of reimbursable aid was to be made available at the discretion of the President had been extended. Safeguarding Congress against indirect appropriation or loss of funds owing to defaults in payment had to be balanced against easing the terms of payment for countries like Canada.

(d) Although the new wording would not solve our accounting problems, it provided greater flexibility in negotiating particular contracts. Moreover, it was realized that Canada represented a special case as regards the validity of its credit and this point had been fully pressed in the executive hearings by Ohly himself, as well as by Mr. Johnson and others.

4. Summing up, Ohly expressed the opinion that Section 408(e) as amended, represented the best that could be obtained from the Congress at this time in a general enactment. No one in the Administration had overlooked Canada's valid arguments in favour of a revolving fund to facilitate mutual procurement and this was recognized to be an objective to be sought by special legislation covering the mutual needs of the two countries.

5. These remarks led to a discussion of the wider problem raised in the discussion of the panel on economic aspects of defence questions held on June 6th and 7th. A brief outline was given to Ohly of the problems raised in the panel, with particular reference to the question of replacement of any items of Canadian equipment that might be made available to our partners in the North Atlantic Treaty under mutual aid, either through Canadian production or by procurement in the United States. The suggestion was made that this question might be explored informally with the responsible officials in the departments and agencies concerned in the United States Government.

6. Ohly responded sympathetically to the statement of the problem and remarked at once that the question of replacement through procurement in the United States was closely connected with the development of a reciprocal purchase programme for the United States armed services in Canada. He, therefore, suggested that the matter should be discussed with Hubert Howard, Director of the Munitions Board, as well as with himself in an informal meeting. It was also recalled that some aspects of the problem concerned the work of the Joint Industrial Mobilization Board on which both Howard and Symington represented the United States. As this Board would be meeting in Ottawa on the 7th of August, it was obviously desirable to do some exploratory work on the problem before the Board meets and to ensure that the American principals would be fully briefed before the Ottawa meeting.

7. A practical difficulty, however, arises from Howard's absence in Europe as Chairman of the North Atlantic Military Production and Supply Board. Ohly said that he was not expected back in Washington before the 24th of July. A preliminary informal gathering, it was suggested, might be arranged with officials of the Munitions Board, such as General [Patrick] Timberlake and [C.A.] Sullivan, if we desired. It was agreed that Ohly would arrange such a meeting at our request at any time.

8. I believe that it would contribute substantially to the success of even the informal exploration now projected if you could indicate in more specific terms than are given in the panel minutes, the questions which you would like to have discussed.

774. DEA/50200-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1616 Washington, July 27, 1950

MDAP 1950-51

1. The President signed the Authorization Bill amending the Mutual Defence Assistance Act of 1949, Wednesday, 26th July, and amendments are, therefore, now in effect. Full text of the President's statement on signing the Bill (S.3809) is to be found on page 7 of the *New York Times*, Thursday, 27th July.

SECTION B

ÉNONCÉ DE PRINCIPES DE COOPÉRATION ÉCONOMIQUE
STATEMENT OF PRINCIPLES FOR ECONOMIC COOPERATION

775. PCO/Vol. 200

Le chef de la Direction de liaison avec la Défense
au sous-ministre de la Défense nationale

Head, Defence Liaison Division,
to Deputy Minister of National Defence

CONFIDENTIAL Ottawa, July 25, 1950

Dear Mr. Drury,

You telephoned me this morning asking if we had any information about how the United States proposed to spend on additional military appropriations the $10 billions announced in the President's speech.[18] I was speaking to Mr. Ignatieff a few minutes later and he gave me the following figures, which were given to Congress yesterday:

Supplementary Appropriations Asked for Yesterday by the Armed Forces

$10.486 billions, divided as follows:

Army—$3.063 billions;
Navy and Marines—$2.648 billions;

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[18] Voir/See *Public Papers of the Presidents of the United States of America: Harry S. Truman 1950*, Washington: United States Government Printing Office, 1965, Document 193, pp. 527-537.

Air Force—$4.535 billions;
Establishment-Wide Activities—$240 millions.

All this includes $3.344 billions for aircraft, and $2.646 billions for tanks, guns, and Army equipment, and includes an increase of 600,000 men in the three Services; that is, 40% increase, up to 2.100 millions total armed strength, which is nearly 100,000 over the present statutory ceiling.

Mr. Ignatieff also drew my attention to a news item in the *New York Times* of today's date (which has not yet come to hand), reporting Mr. Symington's representations to a Congressional Committee yesterday. According to Mr. Ignatieff, the three items noted as in short supply are steel, aluminum, rubber, and controls are being asked for these commodities.

Mr. Ignatieff quite agreed with the likelihood that the United States, under their accelerated programme, will wish to buy from us more than the amount suggested some time ago for reciprocal purchases of equipment. Mr. Ignatieff is meeting State Department officials again on Thursday and will likely learn more of their proposals with respect to purchases in Canada. He will be in Ottawa next week for a meeting of the Interdepartmental Panel on Economic Aspects of Defence Questions.

Yours sincerely,

R.A. MACKAY

P.S.: Since dictating the above, Mr. Byrd, of the United States Embassy, was in my office on other matters and I took the opportunity of sounding him out, since I knew he had been taking part in discussions in Washington last week preparatory to the Joint Industrial Mobilization Board meeting. Mr. Byrd confirmed my speculation, that the $10 billion programme might affect U.S. policy with respect to purchases in Canada. He said that the $25 millions figure proposed previously for reciprocal purchasing was now regarded as a minimum and that the real question at the moment was not how much could be spent in Canada but how much could Canadian industry produce. I asked whether there was any possibility of the U.S. considering anything like a revised Hyde Park Agreement. Mr. Byrd gave me to understand that such a proposal was likely to be made. He said they were also speculating in Washington on our capacity to produce for mutual aid to Europe and our willingness to contribute.

As you suggested, the $10 billion programme may well result in exporting inflation to Canada.

776. DEA/50006-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1622 Washington, July 28, 1950

TOP SECRET. IMMEDIATE.

Reference my WA-1603† and WA-1604† of July 25th.

1. Ignatieff, Keith and Towe met with Satterthwaite and Benninghoff yesterday afternoon to obtain further information about the proposals which Mr. Symington might put forward at the meeting of the JIMC on August 8th. They were shown what was termed a "statement of principles", which had apparently not yet been cleared in the Munitions Board and the State Department. A paraphrase of this statement of principles is contained in my immediately following teletype. Satterthwaite said he hoped that the United States proposals, incorporating any Canadian suggestions, could be put into more or less final form before the August 8th meeting of the JIMC. These principles or agreed objectives could then be used as a basis for common emergency legislation or executive action in the United States and in Canada, although it should be noted that the United States Government is already taking unilateral action under the emergency measures now under consideration by Congress.

2. The State Department officials recognize that the proposed statement of principles does not cover the same areas of consideration as the Hyde Park Declaration. However, they recalled that both the content and the form of the statement had to be within the terms of reference of the Joint Industrial Mobilization Planning Committee, and that, in their opinion, the proposals went about as far as they could within this limit. They would like, however, to see an additional clause referring to financial circumstances in the sense given in paragraph 3 of my immediately following teletype. We were given to understand that it was a State Department idea to add such a reference but this had not yet been considered fully with the NSRB.

3. Satterthwaite and Benninghoff indicated that they would like to have some informal reactions to the proposed statement before the meeting of August 8th. [N.R.] Chappell is to be given further details when he meets [Fred] Wynant early next week.

4. The statement, if agreed in the JIMC, would then be recommended to each Government. If acceptable to the respective Governments, it would be formalized in an exchange of diplomatic notes. There was no clear indication of the timing which might be proposed for the exchange of notes but Satterthwaite and Benninghoff indicated that it would have to await, as far as the United States Govern-

ment was concerned, the Congressional endorsement of the President's proposed controls which is expected in the latter part of August.[19]

5. There was some inconclusive discussion on the means that might have to be adopted by legislation or executive action to implement such an agreement, particularly paragraph 4 of the proposed statement dealing with controls. Under a condition of partial mobilization, emergency powers might be lacking for the enforcement of some controls at least and this presumably will be one of the matters which will require clarification at the August meeting.

777. DEA/50006-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1623 Washington, July 28, 1950

TOP SECRET. IMMEDIATE.

The text of the statement of principles referred to in my immediately preceding teletype was not made available on the grounds that the statement was only partially cleared through the State Department, and has not been accepted by Symington. The following summary of its contents has been assembled from rough notes prepared from a reading of the text:

Statement of Principles

In recognition of the common problems resulting from the international situation, it is agreed that the two countries will cooperate in all respects, and particularly to accomplish a joint economic effort, to achieve a common defense, and to coordinate production, so that the best results will be obtained.

The following principles are established to facilitate the attainment of these objectives:

(1) Production will be integrated for the purpose of achieving the maximum output of essential goods;

(2) Resources of raw materials will be controlled and allocated to further the purpose of achieving maximum production;

(3) Technical knowledge and skills will be freely exchanged;

(4) Mutually consistent emergency controls will be instituted for the purpose of accomplishing comparable results, and whenever possible joint discussions will be held prior to the institution of such controls;

(5) These principles will become effective at once, and related steps will be taken by each country to achieve the desired results.

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[19] Voir/See: *ibid.*, Document 202, pp. 548-560, and Document 243, pp. 626-631.

2. These principles are consistent with the North Atlantic Treaty and the United Nations Charter. End of text.

3. Consideration is being given to adding a sixth provision to state more directly that international financial considerations will be kept in mind during the development of the other principles. In its present rough form this provision states that financial arrangements will be carried out by both countries that will facilitate the accomplishment of these objectives.

778. DEA/50006-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1626 Washington, July 28, 1950

TOP SECRET. IMMEDIATE.

My messages WA-1622 and 1623 of July 28th. JIMC meeting and statement of principles.

1. In another brief conversation with Ignatieff this morning, Benninghoff said that as there was considerable support for the ideas set out in the proposed statement of principles, as reported in my WA-1623, in the United States departments and agencies concerned, it would be helpful to know at the earliest possible stage what the initial reactions might be at the official level in Ottawa. He hoped, therefore, that Chappell might indicate at least whether the ideas which are being formulated in Washington in regard to the statement of principles would have a favourable response in Ottawa. He readily agreed that the wording, on the United States side, had not yet reached a stage of precision and therefore the United States authorities would be open to suggestions from our side, particularly through the channel of Chappell to Winant, as Winant has been made chiefly responsible for the preparations of the JIMC meeting on August 8th, on the United States side.

2. Benninghoff threw a little more light on the clause relating to international financial considerations referred to in paragraph 3 of my message 1623. The specific text which the State Department and Munitions Board are discussing is as follows: "The two Governments will endeavour to institute such financial arrangements as will facilitate the achievement of these objectives." He explained that what the State Department had in mind was some general statement of objective in the financial field which could be used, if necessary, for the reconsideration of such legislation or executive practice as may be found to impede the implementation of industrial mobilization measures which may have to be applied in the present emergency. He mentioned, for instance, the application of the Buy America Act, on the United States side, and the Foreign Exchange Control Act, on our side, as examples of the kind of financial practices which might have to come up for review. He stressed that whatever bilateral steps might be contemplated or taken under this

head would have to accord with the multilateral obligations which have been assumed by both countries. It was for this reason that it is proposed that there should be a reference to the United Nations Charter and the North Atlantic Treaty. Some United States officials here, he said, would also like to see specific reference to GATT in this connection. As regards the possible implications of such a statement upon our foreign exchange position, Benninghoff said that the intent of the proposed financial clause, as well as the other clauses taken together, would be to provide a basis for action which would ensure that there would not, at least, be any increased drain on Canadian reserves, as a result of mutual defence and mobilization measures. He also remarked that, as far as the United States was concerned, the 15 to 25 million dollar limit previously adopted with regard to the United States Reciprocal Purchasing Programme in Canada would now be regarded as inoperative and no stated limits are being considered.

3. In order to facilitate your consideration of the problem of parallel controls which are related to my messages 1622 and 1623, I am sending you, in a separate message,† a summary of the legislative status of the United States emergency control measures presently under consideration by Congress, and of the documentation which has been sent forward to date.

779. DEA/50006-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1211 Ottawa, August 1, 1950

TOP SECRET

Your Teletype WA-1623 of July 28, 1950, statement of principles for J.I.M.C. meeting.

1. Chappell has returned from a meeting with Winant in New England. He reports that Winant was very much surprised that the State Department should have discussed this statement of principles with officials of your office without informing N.S.R.B. The statement of principles given you appear to have been based on a statement of principles originating from N.S.R.B., but the State Department's statement appears to be substantially different from the original. Chappell did not show Winant your telegram, although he gave him a summary of the statement of principles in the telegram. Further, Winant made clear that at least at his level in N.S.R.B., it had merely been decided to work out a joint paper which would be put on the shelf to be used in the event of an emergency and that there was no expectations that it would be proceeded with at once.

2. The immediately succeeding teletype contains an agreed statement worked out by Winant and Chappell at their meeting. The second following telegram contains the original statement of principles given by N.S.R.B. to the State Department. It

was thought that you should have both these in your discussions with officials of the State Department.

3. Later in the day, I hope to send you a telegram commenting on the statement of principles given you by the State Department. As you will see from our comments, we have made use of the original statement drafted by N.S.R.B. as given by Winant to Chappell.

780. DEA/50006-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1212 Ottawa, August 1, 1950

TOP SECRET

My immediately preceding telegram, Statement of Principles for JIMC.

AGREED STATEMENT BY EXECUTIVE OFFICERS OF BOTH COUNTRIES RE GENERAL STATEMENT OF PRINCIPLES FOR AUGUST 8TH JIMC MEETINGS

Mr. Fred Winant, Director of the Foreign Activities Office of NSRB, and Mr. N.R. Chappell, Canadian Executive Officer of JIMC, met July 30th and 31st in Rutland, Vermont, to discuss arrangements for the August 8th meeting of JIMC.

One of the main items discussed was the question of a probable U.S. proposal in the nature of principles to govern U.S.-Canadian economic relationships *in the event of an emergency.*

Mr. Winant and Mr. Chappell went over the background which led to this proposal, and as of the current date the status is:

(1) A draft proposal of principles has been forwarded to U.S. State by the NSRB.

(2) Conversations have been held between NSRB and U.S. State, and between U.S. State and the Canadian Embassy, Washington.

(NSRB has not been included in the meetings between U.S. State and the Canadian Embassy Washington.)

(3) The proposal has been cleared at *staff* level in NSRB but *not* by Mr. Symington, Chairman of NSRB, or Mr. Howard, Chairman of the Munitions Board. The status of clearance in U.S. State is now known, although U.S. State submitted a revised draft to Mr. Winant late July 28th.

(4) Mr. Winant passed to Mr. Chappell a copy of the NSRB draft and cover sheet originally forwarded to U.S. State.

(5) This draft clearly indicates that the proposed principles are enunciated within the general terms of an emergency situation.

(6) The NSRB draft follows the original concept of preparing a paper for possible agreement by the principals which might serve as a basis for recommendations to the two Governments.

(7) There is no indication of definition of "in the event of an emergency" in the NSRB draft.

(8) The NSRB draft does not attempt to indicate any phasing or timing or an exchange of notes, or of a joint declaration; nor does it preclude the possibility of substantive changes or additions, leaving those matters for determination by the two Governments. Statement ends.

781. DEA/50006-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1213 Ottawa, August 1, 1950

TOP SECRET

My second preceding teletype.
Original statement of principles as drafted by N.S.R.B. given by Winant to Chappell, July 28th.

PROPOSED PRINCIPLES TO GOVERN US/CANADIAN ECONOMIC RELATIONSHIPS IN TIME OF EMERGENCY

The common interests of Canada and the United States in defense, their proximity, and the complementary characteristics of their resources were recognized in the establishment of the Joint U.S.-Canada Industrial Mobilization Planning Committee (JIMC), created by an exchange of notes between the two governments in April 1949.[20] The notes provide that the Committee coordinate the industrial mobilization planning efforts of the two countries and consider what recommendations in the field of industrial mobilization planning should be made to each government. The notes also provide that the Committee cooperate on matters of industrial mobilization with the permanent Joint Board on Defense, U.S.-Canada, created by the Prime Minister and the President in August 1940.

It now appears advisable that the members of the JIMC agree on certain general principles as further guides to accelerated planning and as the bases for prompt action in the event of emergency. A regular meeting of the Committee is scheduled for August 8, and it is proposed that the members of the Committee adopt the statement of principles which follows.

[20] Voir Canada, *Recueil des traités*, 1949, N° 8./See Canada, *Treaty Series*, 1949, No. 8.

It will be noted that the statement provides that any bilateral arrangements between the United States and Canada must be consistent with their commitments under the North Atlantic Treaty and the United Nations Charter.

Recommendation

That the members of JIMC (1) approve the attached statement of principles to govern the economic relationships between the U.S. and Canada in the event of emergency; (2) recommend them to their respective governments for final decision in time of emergency by the President of the United States and the Prime Minister of Canada; and (3) accept them in the meantime as guides for further JIMC planning.

Statement of Principles

In recognition of the common problems faced by the peoples of our respective countries in the present international situation, it is agreed that our governments shall cooperate in all respects practicable to the end that the economic efforts of the two countries shall be joined in a common defense effort and that the production and resources of both countries shall be used for the best combined results.

The following principles are established for the purpose of facilitating these objectives:

1. Each country shall produce those articles in an integrated program of requirements for essential goods which will result in the required output in the minimum of time.

2. The combined resources of scarce raw materials and goods required to carry out this joint program shall be so controlled and allocated as to provide optimum production.

3. The technical knowledge and productive skills within both countries shall be freely exchanged to the extent feasible in furtherance of production.

4. United States and Canadian emergency controls shall be mutually consistent in their objectives, and shall be so designed and administered as to achieve comparable effects in each country. To the extent possible, there shall be joint discussion prior to the institution of any system of controls in either country which affects the other.

5. These principles are to become effective at once, and each government shall promptly take the action necessary for their implementation.

It is the conviction of both governments that action based on these principles will be consistent with and essential to their commitments under the North Atlantic Treaty and the United Nations Charter. Text ends. Message ends.

782. DEA/50006-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-1216 Ottawa, August 1, 1950

TOP SECRET

Reference your WA-1623 of July 28, 1950.

1. The Panel on Economic Aspects of Defence Questions considered the suggested statement of principles transmitted in your message under reference. Consensus was that the initiative of the U.S. authorities in this matter should be welcomed.

2. It was our feeling, however, that the needs of the moment could best be met by reaffirming the principles of the Hyde Park Agreement in the present context of mutual defence relations, which would emphasize the continuing nature of co-operation between the two countries in this field. With this in mind, we have drafted comments on each of the paragraphs which reflect the comments made at the Panel meeting which you might take an early opportunity of putting to the State Department as an indication of our thinking of the kind of language that might be incorporated in the statement. It is appreciated that the text set forth in your telegram WA-1623 is a paraphrase of the document on which the U.S. authorities are working and it may be that some of our comments are not entirely on the point. You will notice that we have preferred to speak of co-ordination rather than integration. This is not only in the language of the Hyde Park declaration, but represents better what both of us have in mind and is closer to reality. We have also introduced the conception of the most effective use of the joint resources and the purpose of making a maximum contribution to the common defence effort. We think these are closer to the true goals than the achievements of maximum production.

3. *Suggested Preamble*

Bearing in mind the high degree of co-operation that has been achieved between the United States and Canada in World War II through the Hyde Park Agreement between the President of the United States and the Prime Minister of Canada of April, 1941, and continued in the post-war period through the extension of the Hyde Park principles and through the efforts of the Joint Industrial Mobilization Planning Committee, it is agreed that in the light of the common problems resulting from the international situation, the principles of the Hyde Park Agreement be reaffirmed and that the efforts toward co-ordination be intensified and accelerated in an effort to ensure the most effective use of the joint resources of the two countries in the common defence.

4. *Comments on Itemized Principles*

(1) We prefer the original NSRB draft of this paragraph with the word "integrated" replaced by "co-ordinated" and the words "for the purpose of making the maximum contribution to the common defence" added.

(2) We suggest that this paragraph should deal with more than raw materials. Perhaps something of this sort "if and when the need arises, scarce essential materials and supplies will be controlled and allocated to further the purposes of achieving maximum production and of making the maximum contribution to the common defence effort".

(3) For paragraph (3) we prefer the original NSRB draft.

(4) For paragraph (4) we prefer the original NSRB draft.

(5) On the question of the effective date we feel that nothing should be stated in this statement as this will be a matter to be decided by the two governments.

(6) We think the paragraph relating to the U.N. and NAT is a little abrupt and we suggest something that would say that in implementing the above principles due recognition would be given to the obligations of both countries under the United Nations Charter and the North Atlantic Treaty.

(7) We feel also that paragraphs should be included on finance and the removal of barriers which impede the free flow of essential defence supplies.

(8) In immediately following teletype we send you a complete re-draft of the proposed statement of principles as described above. When giving it to the State Department you might say that in re-drafting this statement of principles, we have had the benefit of the NSRB original draft received through J.I.M.C. channels and forwarded to you in a previous message today.

783. DEA/50006-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1217 Ottawa, August 1, 1950

TOP SECRET

My immediately preceding telegram — Principles of JIMC Meeting. Begins:

PROPOSED DRAFT STATEMENT OF PRINCIPLES

Bearing in mind the high degree of co-operation that has been achieved between the United States and Canada in World War II through the Hyde Park Agreement between the President of the United States and the Prime Minister of Canada of April, 1941 and continued in the post-war period, through the extension of the Hyde Park principles and through the efforts of the Joint Industrial Mobilization Planning Committee, it is agreed that in the light of the common problems resulting from the international situation, the principles of the Hyde Park Agreement be reaf-

firmed and that the efforts toward co-ordination be intensified and accelerated in an effort to ensure the most effective use of the joint resources of the two countries in the common defence.

1. Each country shall produce those articles in a co-ordinated program of requirements for essential goods which will result in the required output in the minimum of time for the purpose of making the maximum contribution to the common defence.

2. If and when the need arises, scarce essential materials and supplies will be controlled and allocated to further the purposes of achieving maximum production and of making the maximum contribution to the common defence effort.

3. The technical knowledge and productive skills within both countries should be freely exchanged to the extent feasible in furtherance of production.

4. United States and Canadian emergency controls should be mutually consistent in their objectives, and shall be so designed and administered as to achieve comparable effects in each country. To the extent possible, there shall be joint discussion prior to the institution of any system of controls in either country which affects the other.

5. Legislative and administrative barriers which impede the flow of munitions and war supplies between Canada and the United States should be removed as far as possible.

6. If and when necessary, steps will be taken to ensure that the operation of the arrangements, outlined above, will not create foreign exchange difficulties between the two countries.

7. In implementing the above principles, due recognition will be given to the obligations of both countries under the United Nations Charter and the North Atlantic Treaty.

784. DEA/50006-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1664 Washington, August 3, 1950

TOP SECRET

Your EX-1217 of August 1st concerning proposed draft statement of principles to be considered at J.I.M.C. meeting August 8th.

1. Copies of your draft were handed to Labouisse of the State Department and Winant of N.S.R.B. yesterday afternoon.

2. From discussions at the State Department at which Satterthwaite and Benninghoff were present, in addition to Labouisse, it became apparent that the proposal has not been considered at a higher level in the State Department and has not

been discussed here outside of the State Department and N.S.R.B. Labouisse suggested that consideration at a higher level and discussion with other interested Departments, particularly Treasury, in view of paragraph 6 of your draft, would be desirable before August 8th. I gather from Mr. R.D. MacDonald that Winant is not anxious to have consideration given to the proposals by other United States Government agencies or at higher levels within the State Department until after the August 8th meeting.

3. Winant made no comments when your draft was handed to him. The only comments made by Labouisse were that consideration should be given as to the time when the principle should become effective and as to the desirability of giving publicity to the statement at the time it is approved. Labouisse's first impression appeared to be that the principle should become effective immediately but he obviously had not given any careful consideration to that point.

4. The State Department will, if possible, advise us as to their reaction to the Canadian draft within the next two or three days.

785. DEA/50006-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1703 Washington, August 4, 1950

SECRET

My WA-1664 of August 3rd re statement of principles to be considered at JIMC meeting.

1. The State Department have forwarded to us a further draft statement prepared by NSRB in consultation with State Department officials and have passed on a request from Winant that a copy be handed to Chappell. The text of this draft reads as follows:

Text begins:

STATEMENT OF PRINCIPLES IN EVENT OF EMERGENCY

The United States and Canada have achieved a high degree of cooperation in the field of industrial mobilization during and since World War II through the operation of the principles embodied in the Hyde Park Agreement of 1941, through the extension of its concepts in the postwar period and more recently through the work of the Joint Industrial Mobilization Planning Committee. In the interests of mutual security, it is believed that this field of common action should be further extended. It is agreed, therefore, that our two Governments shall cooperate in all respects practicable, and to the extent of their respective executive powers, to the end that the economic efforts of the two countries be joined for the common defence and

that the production and resources of both countries be used for the best combined results.

The following principles are established for the purpose of facilitating these objectives:

1. In order to achieve an optimum production of goods essential for the common defense, the two countries shall develop a coordinated program of requirements, production and procurement.

2. To this end, the two countries shall, as it becomes necessary, institute coordinated controls over the distribution of scarce raw materials and supplies.

3. Unite States and Canadian emergency controls shall be mutually consistent in their objectives, and shall be so designed and administered as to achieve comparable effects in each country. To the extent possible, there shall be consultation to this end prior to the institution of any system of controls in either country which affects the other.

4. In order to facilitate essential production, the technical knowledge and productive skills involved in such production within both countries shall, where feasible, be freely exchanged.

5. Barriers which impede the flow between Canada and the United States of goods essential for the common defence effort should be removed as far as possible.

It is the intention of both Governments that the action taken by either of them under this agreement shall be consistent with their other international obligations including those undertaken pursuant to the United Nations Charter and the North Atlantic Treaty. Text ends. Message Ends.

786. DEA/50006-40

Note du ministre du Commerce pour le Cabinet

Memorandum from Minister of Trade and Commerce to Cabinet

CABINET DOCUMENT NO. 188-50 Ottawa, August 7, 1950

TOP SECRET

Canadian and United States officials have been working since the Joint United States-Canada Industrial Mobilization Planning Committee was established in the Spring of 1949 on means, generally, to coordinate industrial defence plans and, specifically, to ensure the free movement of essential supplies between the two countries if war comes.

They had before them on the one hand the example of the high degree of cooperation that was established by the end of the last war, when the border was largely clear of barriers, equal priorities granted by each to the needs of the other and practical measures taken in many fields through the Joint War Production Committee and other joint or combined agencies.

They had before them on the other hand the difficulties of the early days of the last war when there were damaging delays and interruptions in the flow of essential materials due to control orders issued without forethought, without knowledge or without acceptance of the general principle of United States-Canadian cooperation.

The officials recognized the tremendous assistance that the Hyde Park Declaration, together with such statements as the Joint Declaration of December, 1941, were in enabling the United States administration, in particular, to take the actions to make cooperation effective. The Joint Declaration consisted of the approval of the President of the United States and the Canadian War Cabinet of a statement of policy by the Joint War Production Committee of Canada and the United States, calling for "a combined all-out production effort and the removal of any barriers standing in the way of such a combined effort".

They now see the need for a similar statement of principles and the United States members are proposing that the Joint United States-Canada Industrial Mobilization Planning Committee agree on a statement of principles to be recommended to both governments for use in the event of an emergency. It is anticipated that this matter will be brought up at the meeting of the Joint Committee here tomorrow.

The United States members will present a statement which we understand has been cleared in principle by the Chairman of the National Security Resources Board, the Chairman of the Munitions Board, and the United States Assistant Under-Secretary of State.

The draft of this statement is attached. (See Telegram WA-1703 of August 4, 1950). It was received over the week end and all the Canadian officials concerned have not had the opportunity of giving it detailed study. This draft has incorporated several suggestions taken from a draft prepared by the Canadian officials on the Panel on the Economic Aspects of Defence Questions. (See copy of attached telegram to Washington, dated August 1, 1950). The Panel based its draft on an earlier proposal of the National Security Resources Board.

I think it would be of benefit to both countries if the Joint United States-Canada Industrial Mobilization Planning Committee accepts such a joint statement and recommends it to governments to be given effect by an exchange of notes or by a high level declaration.

If our present information proves to be correct, that the United States draft has indeed been cleared as above, I think we should only suggest such changes as we consider essential, as if substantive changes are made it would reduce the chances of obtaining the necessary clearances from the various United States agencies involved.

If the Joint United States-Canada Industrial Mobilization Planning Committee agrees to such a recommendation it may consider the time when such a statement should be issued by both governments. The original conception was that it was to be held for an emergency. We don't know if all the United States agencies think the present situation is such as to warrant the issuing of such a statement.

My view is that the statement should be issued as soon as possible. It is in Canada's interest to have our place assured, in advance, in the United States priority system and control system; it is in our interest to be consulted, where possible,

before the United States institutes controls; it is in our interest to have the freest exchange of technical information now, — for we are still having difficulties in some quarters. It is true that we may be able to attain some of these objectives without a statement, but such a statement of principles would give us a most useful general working basis for all measures of cooperation in planning and coordination in industry. It would be hoped that a general statement of principles might offer to industry of both countries the encouragement to prepare their plans in a truly coordinated fashion.

[C.D. HOWE]

Documents:

1. Brief historical summary of the Operations of the Hyde Park Declaration.†

2. Telegrams: WA-1703, August 4, 1950. To Canadian Ambassador, Washington, August 1, 1950.

3. Hyde Park Declaration of April 20, 1941.†

4. Note, dated May 7, 1945, from the Ambassador of the United States of America to the Acting Secretary of State for External Affairs.†

Note, dated May 15, 1945, from the Acting Secretary of State for External Affairs to the Ambassador of the United States of America.†

(The above two notes are known as the Extension of the Hyde Park Declaration, 1945).

5. Exchange of notes establishing the Joint United States-Canada Industrial Mobilization Planning Committee, 1949.†

787. PCO/Vol. 153

Note du sous-ministre adjoint du Commerce pour le ministre du Commerce

Memorandum from Associate Deputy Minister of Trade and Commerce to Minister of Trade and Commerce

TOP SECRET [Ottawa], August 7, 1950

STATEMENT OF PRINCIPLES REAFFIRMING THE HYDE PARK AGREEMENT

One further matter you may wish to raise in Cabinet.

The United States is prepared to introduce at tomorrow's Joint United States-Canada Industrial Mobilization Planning Committee meeting a financial clause.

We don't know its exact wording, but are told it provides for consultation between the appropriate departments of the respective governments if the arrangements covered by the other principles create foreign exchange difficulties.

I feel we should welcome this clause. The original Hyde Park Declaration was largely concerned with finance, and the omission of any reference to it in a reaffir-

mation would give rise to speculation that foreign exchange difficulties were no longer of concern to the governments.

[S.D. PIERCE]

788. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], August 7, 1950

. . .

JOINT U.S.-CANADA INDUSTRIAL MOBILIZATION PLANNING COMMITTEE; STATEMENT OF PRINCIPLES

6. *The Minister of Trade and Commerce* reported that the Joint U.S.-Canada Industrial Mobilization Planning Committee would meet in Ottawa the following day. In an effort to avoid the difficulties which had arisen at the beginning of the last war, and prior to the Hyde Park Declaration, a statement of principles had been prepared at the official level and would be submitted for consideration at the Committee meetings. If accepted, the statement of principles would be recommended to both Governments to be given effect by an exchange of notes. There was some thought that, if and when approval were given by both Governments, the statement might be held for use in an emergency. On the other hand, it might be more advantageous to issue it as soon as possible in order to avoid delays and difficulties in the event of any emergency.

The main features of the statement of principles were:

(a) the development by both countries of a coordinated programme of requirements, production and procurement;

(b) the institution of coordinated controls over the distribution of scarce raw materials and supplies;

(c) United States and Canadian emergency controls to be mutually consistent in their objectives;

(d) free exchange of technical knowledge and productive skills in order to facilitate essential production; and,

(e) removal of barriers impeding the flow between both countries of goods essential to common defence.

An explanatory note was circulated.

(Minister's memorandum and attached documents, Aug. 7, 1950 — Cab. Doc. 188-50).

7. *The Secretary of State for External Affairs* noted that the third sentence of the opening paragraph of the draft statement of principles read in part "it is agreed, therefore, that our two Governments shall cooperate ... to the end that the economic efforts of the two countries be joined for the common defence ...". It was felt that the use of these words in the statement of principles might be dangerous and could be interpreted to mean that, in case of an emergency, the economic resources of

both countries would be completely integrated. It would seem preferable to re-word this sentence to read somewhat as follows "it is agreed that in the light of the common problems resulting from the international situation, the principles of the Hyde Park Agreement be re-affirmed and that the efforts toward coordination be intensified and accelerated in an effort to ensure the most effective use of the joint resources of the two countries in the common defence".

It was further suggested that the statement might be clarified by insertion of the word "such" at the beginning of paragraph numbered 3.

8. *The Cabinet*, after further discussion, noted the report of the Minister of Trade and Commerce and the suggestions of the Secretary of State for External Affairs with respect to the statement of principles which would be submitted to the meeting of the Joint U.S.-Canada Industrial Mobilization Planning Committee on the following day.

. . .

789. PCO

Extrait du procès-verbal de la réunion du Comité sur les aspects économiques des questions de la défense

Extract from Minutes of Meeting of Panel on Economic Aspects of Defence Questions

TOP SECRET [Ottawa], August 9, 1950

Present:
Mr. N.A. Robertson, (Secretary to the Cabinet), in the Chair,
Dr. W.C. Clark, (Deputy Minister of Finance),
Mr. A.D.P. Heeney, (Under-Secretary of State for External Affairs),
Lieutenant-General Charles Foulkes, (Chairman, Chiefs of Staff Committee),
Mr. Graham Towers, (Governor of the Bank of Canada),
Mr. S.D. Pierce, (Associate Deputy Minister of Trade and Commerce),
Mr. J.J. Deutsch, (Department of Finance),
Mr. R.A. MacKay, (Department of External Affairs),
Mr. N.R. Chappell, (Department of Trade and Commerce).

Also Present:
Mr. Dana Wilgress, (Canadian High Commissioner to the United Kingdom).
Secretariat:
Mr. W.R. Wright (Privy Council Office),
Mr. R.A.J. Phillips (Department of External Affairs).

I. JOINT INDUSTRIAL MOBILIZATION PLANNING COMMITTEE

1. *The Associate Deputy Minister of Trade and Commerce* reported on the meeting of the Joint Industrial Mobilization Planning Committee which was held in Ottawa on August 8th. He said that the talks had been very successful. The Committee had considered the "Statement of Principles" which had been discussed at the official level in Ottawa and Washington, and had approved them with a few amendments. The members of the Joint Industrial Mobilization Planning Committee had agreed to recommend the principles to their respective governments and left

to those governments the question of timing. Meanwhile, the principles were accepted as the basis for the working of the Committee and its sub-committees. One of the most important results of the meeting was a statement by Mr. Howard that the United States was writing into its industrial mobilization plans provisions to give Canada equitable priority treatment in any system of allocation of controls.

2. It was reported that the U.S. Chairman of the Munitions Board read to the August 8th meeting of the J.I.M.P.C. a list of equipment and components, which was apparently based upon the $25 million Reciprocal Purchasing Programme now under consideration by the U.S. armed services. It was understood that there was no commitment, real or implied, in Mr. Howard's statement. This was an attempt to get together $25 million worth of purchases in accordance with the directive of the Secretary of Defense and did not reflect any change or acceleration of plans resulting from the Korean situation.

3. *Mr. MacKay* noted that of the $10 billion increased defence appropriations in the United States, approximately $6 billion would be spent on supplies. In addition, the U.S. would probably spend $4 billion for MDAP supplies.

4. *The Panel*, after further discussion, noted the report of the Associate Deputy Minister of Trade and Commerce on the meeting of the Joint Industrial Mobilization Committee held in Ottawa on August 8th.

. . .

790. PCO/Vol. 153

Le ministre du Commerce
au secrétaire d'État aux Affaires extérieures

Minister of Trade and Commerce
to Secretary of State for External Affairs

[Ottawa], August 25, 1950

My dear Colleague:

You are aware that the Joint United States-Canada Industrial Mobilization Planning Committee recently agreed on a Statement of Principles dealing in a broad way with the relationship between the two countries in the fields of industry and natural resources in the event of emergency. The Joint Committee further agreed that the Statement of Principles which they have accepted as a guide to joint planning be recommended for adoption to both Governments.

I believe there is general agreement between the two Departments on the Statement of Principles itself, however, there may be varying views as regards the timing of the release of such a Statement.

Attached you will find a draft memorandum to the Cabinet which I am considering putting forward.† Naturally, I would be grateful for any comments you might wish to make on the substance of the memorandum and the question of whether we

should now press with the United States State Department for release at the earliest convenient time.

Yours sincerely,
C.D. HOWE

791. C.D.H./Vol. 53

Le secrétaire d'État aux Affaires extérieures au ministre du Commerce

Secretary of State for External Affairs to Minister of Trade and Commerce

SECRET Ottawa, September 1, 1950

My dear Colleague:

Thank you for your letter of August 25th suggesting release at the earliest convenient time of the Statement of Principles recently recommended by the Joint United States-Canada Industrial Mobilization Planning Committee. In general I agree with your proposal and I have no changes to suggest in your draft Memorandum to Cabinet.

I have, however, two suggestions for your consideration. In the first place I think you might want to indicate orally to Cabinet that the Statement of Principles involves Canada in certain responsibilities. I have in mind particularly the responsibility to "institute coordinated controls over the distribution of scarce raw materials and supplies". I fully realize that Canadian industrial mobilization cannot be allowed to get very far out of step with — or at least very far behind — industrial mobilization in the United States; if it did Canadian industry would be denied scarce raw materials and supplies that are brought under Government control in the United States. However, under Principle No. 2, Canada would be accepting explicitly an obligation which otherwise would only remain implicit in the general situation. Once that principle is adopted and made public we are clearly and formally bound to march in step with the United States.

In the second place and in line with what I have just said, I doubt that we should urge the United States to release the Principles until we ourselves are in a position to implement them. We shall not be in a position to "institute coordinated controls" until Parliament has passed an Act providing for such controls. I understand that a Bill is being prepared in your Department.[21] I suggest that no approach should be made to State Department at least until this Bill has been introduced into the House. When it has been introduced I shall be glad to make the approach to State

[21] Le Parlement a adopté le 12 septembre 1950 la *Loi sur les matières essentielles à la défense* qui a reçu la sanction royale le 15 septembre 1950.
The Essential Materials (Defence) Act, was passed by Parliament on September 12, and given Royal Assent September 15, 1950.

Department recommended in the final paragraph of your draft Memorandum to Cabinet.

Yours sincerely,
L.B. PEARSON

792. DEA/50006-40

Le ministre du Commerce
au secrétaire d'État aux Affaires extérieures

Minister of Trade and Commerce
to Secretary of State for External Affairs

SECRET Ottawa, September 5, 1950

My dear Colleague,

Thanks for your secret letter of September 1st, regarding release of the Statement of Principles recently recommended by the Joint United States-Canada Industrial Mobilization Planning Committee.

I will be glad to indicate orally to Cabinet that the Statement of Principles involves Canada in allocation controls. Legislation covering these controls is now before Parliament and I think that we are, in any event, bound to parallel action of the United States in this direction. I would, however, call your attention to the fact that we are not committed to parallel action of the United States in other than allocation controls.

I agree that we should not approach the State Department of the U.S. until the Bill presently on the Order Paper has been introduced into the House. I do think that an approach to the State Department should be made soon after the Bill has been introduced.[22]

It has been suggested from Washington informally that if the Prime Minister plans to attend the meeting in Washington of the Bar Association, that would form an appropriate occasion for the joint announcement by the President and our Prime Minister. I have not heard whether our Prime Minister intends to go to Washington on that occasion, but perhaps the suggestion is worth keeping in mind.

Yours sincerely,
C.D. HOWE

[22] Notes marginales:/Marginal notes:
[A.F.]W P[lumptre] follow up [A.D.P. Heeney] Sept. 7
Am delaying still until Cabinet finally approves principles. A.F.W. P[lumptre] Sept. 13/50.

793. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], September 13, 1950

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JOINT U.S.-CANADA INDUSTRIAL MOBILIZATION PLANNING COMMITTEE; STATEMENT OF PRINCIPLES

12. *The Minister of Trade and Commerce*, referring to discussion at the meeting of August 7th, 1950, said that all the amendments suggested by Cabinet at the time had been incorporated in the Statement of Principles by the Joint U.S.-Canada Industrial Mobilization Planning Committee at meetings held in Ottawa the previous month.

It was recommended that the Statement of Principles be accepted, that the Secretary of State for External Affairs communicate this fact to the U.S. State Department and that the State Department be informed that, in the Canadian Government's view, it would be advantageous to issue the Statement soon.

An explanatory note was circulated.

(Minister's memorandum, Sept. 12, 1950 — Cab. Doc. 218-50)†

13. *The Cabinet*, after discussion:

(a) approved the Statement of Principles recommended by the Joint U.S.-Canada Industrial Mobilization Planning Committee to both the U.S. and Canadian Governments; and,

(b) agreed that the Secretary of State for External Affairs communicate Canada's acceptance of the statement to the U.S. State Department with an indication that in the Canadian Government's opinion it would be advantageous to issue the statement at an early date.

. . .

794. DEA/50006-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1751 Ottawa, September 27, 1950

CONFIDENTIAL

Our EX-1712† — Joint Industrial Mobilization: Statement of Principles.

1. This will confirm that the Canadian authorities are anxious that the statement should be issued as soon as possible, taking advantage of any appropriate occasion such as the proposed visit of Mr. Acheson to Canada.

2. It is important from our point of view that the word "emergency" should disappear and the only place it is used is in the title. We have considered the possibility of referring the question back to JIMC but have decided that this might involve delays. Hence we would propose that the principles should be published either without any title at all, or with some simplified title such as "Principles for Joint Mobilization". We would be glad to consider any suggestion the United States authorities would like to make.

3. We understand that the phrase "in the event of emergency" crept into the title because, on the Canadian side, some of the related documents had been drafted in connection with War Book plans. The word had no special significance even at the time it got into the title of the draft statement. It got in, we gather, from the Canadian side and not the United States side. We hope that the United States authorities will find no difficulty in dropping it.

4. In conclusion, we would like to emphasize that even though the statement has not yet been published we are, of course, deeply interested in all matters pertaining to the establishment and operation of United States controls. Please continue to keep us fully informed.

795. DEA/50006-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2355 Washington, September 29, 1950

CONFIDENTIAL

Your EX-1751 of September 27th. Joint Industrial Mobilization: statement of principles.

1. State Department agree to the deletion of the word "emergency" from the title of the statement of principles. They have suggested that the statement should be called "statement of principles for economic cooperation".

2. State Department have pointed out that in the text of the principles the word "emergency" also occurs in reference to "emergency controls". They assume there is no objection to the use of the word in that context.

3. I am advised that we will be receiving a letter from the State Department within the next day, suggesting that if Mr. Acheson is able to visit Ottawa arrangements should be made for the signing of an exchange of notes by him and by either the Prime Minister or Mr. Pearson, adopting the statement of principles. We will forward to you the text of the suggested notes as soon as they are received.[23]

[23] Voir Canada, *Recueil des traités*, 1950, N° 15./See Canada, *Treaty Series*, 1950, No. 15.

SECTION C

MOBILISATION INDUSTRIELLE ET CONTRÔLES ÉCONOMIQUES
INDUSTRIAL MOBILIZATION AND ECONOMIC CONTROLS

796. DEA/10763-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1981 Washington, August 31, 1950

SECRET

1. Indications are that Congress will finalize control legislation this week. As it now stands the administration of controls will be mainly under the Departments of Commerce (priorities allocations, steel and other essential materials) Interior (fuels including petroleum) Agriculture (food and food products). Wage and price controls, if applied, will probably be under a separate agency or agencies.

2. Special units will be set up in Commerce, Interior and Agriculture to handle whatever control powers are delegated by the President.

3. In discussions which Chappell has had with N.S.R.B. and the Munitions Board relative to J.I.M.C., the question of controls has been given considerable prominence particularly from the viewpoint of implementation of prior consultation and coordinating controls as expressed in the statement of principles presently being recommended to both Governments through J.I.M.C.

4. Thinking on U.S. side appears to be that J.I.M.C. should have a positive role in prior consultation and coordination of controls. The roles of N.S.R.B. and the Munitions Board in whatever control systems are evolved will remain uncertain until the legislation is approved and the powers delegated.

5. Regardless of the roles of the Boards, both N.S.R.B. and Munitions Board are presently considering a close liaison link with the control operating agencies and they have indicated that they could in turn maintain contact with J.I.M.C. The relation of the Boards to the control agencies in the different departments has not received inter-agency consideration yet and may give rise to considerable difficulties. In the meantime, it therefore seems essential that contact be maintained not only with the Boards through J.I.M.C. but also with the control agencies in the departments.

6. In discussions we have had with Chappell the suggestion has been made that a member of the Embassy staff might be delegated as the central point of contact here on control matters and, in order to provide a continuing J.I.M.C. link, the person designated could be appointed to the Joint Standing Committee of J.I.M.C. (Chappell is the only Canadian member while United States have Winant and Thorp). It will be necessary to discuss this question with the Ambassador when he returns but, inasmuch as the controls in which we shall have the greatest interest

will be lodged in the United States Department of Commerce, the office of the Commercial Counsellor here might serve as the appropriate liaison link. We would appreciate any direction and comments on the above suggestions which we think could cover both effective liaison with the control agencies and also keep J.I.M.C. in the picture.

7. As the work in this field increases, it may be necessary to review the position from a staff point of view but, until the shape and extent of the controls are known, the present staff could take on the task.

8. Please pass a copy immediately to Mr. Max Mackenzie.

797. DEA/10817-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2091 Washington, September 11, 1950

1. The President signed the Defense Production Act (Bill H.R. 9176) on Friday evening, September 8th. Copies of the public law will be forwarded as soon as available.

2. On Saturday evening, September 9th, the President addressed the nation by radio and television on the subject of the new law and explained the steps which would be necessary to curb inflation and to build the nation's armed strength.

3. After referring to the fact that the defense budget would double by June 1950 and reach a total of thirty billion dollars, the President dwelt upon the necessity of a greater cooperative effort on the part of the people and he said that harder work and longer hours would be necessary and that the defense effort would cause some civilians hardships in the form of higher taxes and shortage of materials. He pleaded with everyone to cooperate by reducing personal spending and assist in the increased national output. To accomplish these ends, he announced the following programme:

(1) The appointment of Stuart Symington, Chairman of NSRB as Coordinator of the defense production effort;

(2) The passage by Congress at an early date of increased taxes, including excess profit taxes;

(3) The establishment of an economic stabilization agency with a Wage Stabilization Board and a Director of Price Stabilization, with powers to impose mandatory controls, if voluntary agreements prove ineffective;

(4) The issuance of an executive order placing restrictions on instalment buying, details of which will be transmitted to you separately.

(5) An Executive Order requiring business people to retain intact certain price and cost information to be used, if necessary, to impose price ceilings;

(6) An Executive Order delegating to various agencies, as referred to hereunder, powers under the Defense Production Act.

4. The President announced that priorities for defense orders would be imposed immediately, and restrictions on the use of certain critical materials, such as steel, copper and aluminum, would be applied forthwith and he indicated that this would limit the amount of these materials available for use in the production of civilian goods. He also intimated that some form of inventory control to prevent hoarding was impending.

5. He added that it is not certain that the new law permits effective use of selective controls on prices and wages, nor is provision made for adequate rent control. Congress may have to be asked in due course for additional authority to cover these.

6. Prior to his address, the President issued two Executive Orders, the first requiring business people to retain certain price and cost information covering the period May 24th to June 24th, 1950, which may be used subsequently by the Government in establishing price ceilings. Under the second Executive Order, the President delegated to the Secretary of Commerce authority to allocate scarce materials needed in the defense effort; to establish priorities for military orders; and to establish inventory controls to prevent hoarding. Subsequently, the Secretary of Commerce announced the appointment of General W.H. Harrison to be Administrator of the National Production Authority. The President's Executive Order at the same time delegated:

(a) To the Secretary of the Interior, control powers respecting petroleum, gas, solid fuels and electric power;

(b) To the Secretary of Agriculture, powers respecting food and domestic distribution of farm equipment and fertilizers;

(c) To the Inter-State Commerce Commission, powers over domestic transportation, storage and port facilities, excluding air transport or coastal and overseas shipping which remains with the Secretary of Commerce;

(d) To the Reconstruction Finance Corporation, authority to make plant expansion loans, leading to the increased production of needed materials such as aluminum and cooper;

(e) To the General Services Administration, authority to purchase and sell defence materials.

7. The order also established an Economic Stabilization Agency, comprising of Director of Stabilization and a Wage Stabilization Board, to carry out a voluntary stabilization policy.

8. The Federal Reserve System was given authority with respect to real estate and housing credits, while the Secretary of Labour was delegated powers concerning labour supply for both defense and civilian industry.

9. Finally, the Executive Order appoints the Chairman of the National Security Resources Board to coordinate all defense activities of other agencies under the Act, and to lay down policies and programme directives. Copies of these Executive Orders will be sent separately.

10. Will you please pass a copy of this message to Mr. Beaupré immediately.

798. DEA/10817-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2104 Washington, September 11, 1950

RESTRICTED

PLANS TO RESIST INFLATIONARY PRESSURES

The congressional struggles of the past two months concerned with stepping up defence preparedness have resulted in an administration outburst of activity during the past few days concerned with the anti-inflationary aspects of the Government's program. The actions taken by the President to contain inflationary tendencies which are being sparked by increased military preparedness are outlined in teletype WA-2091 dated 11th September. This message discusses some of the more important aspects of economic planning included in the President's radio address of 9th September. The full text of this address is carried in the *New York Times* for Sunday, 10th September.

2. The President emphasized that the Government's program required a departure from a "business-as-usual" philosophy. The economic problem was stated as consisting of the following three parts:

"First. We must produce the materials and equipment needed for defence;

Second. We must raise the money to pay the cost of our increased defence efforts;

Third. We must prevent inflation".

3. In arithmetical terms the current production rate of the economy is approximately $275 billions. Current defence expenditures which are 15 billions per annum are envisaged as reaching an annual minimum rate of 30 billions by the end of the fiscal year on June 30th, 1951. This projection is coupled with the supposition that when defence expenditures get into high gear the annual rate will be well above the total level of 30 billions now in prospect.

4. One notable feature of the President's program is that it endorses in no uncertain terms the doctrine of a pay-as-you-go budget. This is a reversal of the budget deficit concept endorsed by the President during the past two years and sponsored by the Council of Economic Advisers since the departure of its former Chairman, Dr. [Edwin G.] Nourse. This change of direction in the face of protracted and heavy military expenditures coincides with the policy advocated for adoption by Secretary Snyder and by some elements of the Federal Reserve System under more normal conditions.

5. The President placed particular emphasis on the need for increased taxation, and, although he mentioned only the excess profits tax specifically, his remarks indicate that the Administration is planning a new and extensive tax program. At the present time the President's earlier tax program calling for increased taxes of 5 billions per annum is still held up in the house pending a decisive vote on whether or not an excess profits tax section will be added at this sitting. Many legislators who favour the adoption of an excess profits tax are willing to wait several months for its enactment so that a fair and clear tax proposal can be put forward after intensive study.

6. The President gave specific advice to large segments of the economy in the following terms:

"For the consumer, the guiding principle must be: buy only what you really need and cannot do without.

For the business men, the guiding principle must be: do not pile up inventories; hold your prices down.

For wage earners, the guiding principle must be: do not ask for wage increases beyond what is needed to meet the rise in the cost of living.

There is another guiding principle that applies to all of us — consumers, wage earners, farmers and businessmen.

It is this: We should save as much as we can out of the current income."

7. The President's advice to wage earners is considered by some to weaken the fabric of controls. It encourages labour to seek and obtain compensation for every advance of the cost of living. If the determination of the cost of living is confined to basic requirements such as housing and food there could not be too much objection, but critics of this particular section point out that it could be used by labour to offset the President's main contention that increased military preparedness can only be obtained by consumer sacrifices.

8. The President pointed out that "Government controls are needed right now to cut the volume of easy credit buying". The regulations issued by the Federal Reserve System last Friday anticipated the President's remarks on this particular subject by one day. First impressions of the consumer credit regulations are that they are not too stringent and may require tightening up to reduce the rapid rise in the volume of consumer credit than has been present during the last four years.

9. It is evident that the Administration has taken vigorous steps to plan an anti-inflationary program to prevent a further softening of the United States dollar. It remains to be seen whether this effort will result in successful administrative practices which, coupled with public restraint, are pre-requisites for the successful execution of this program.

799. DEA/10763-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-1610 Ottawa, September 14, 1950

SECRET

Your WA-1981 — Relations through JIMC and otherwise with United States agencies controlling materials, foods etc.

1. Your telegram has been discussed with Mackenzie. We are in full agreement with your broad proposals.

2. Our only question arises regarding your suggestion of an immediate additional appointment to the Standing Committee of JIMC. It may be desirable to keep this position vacant for a short time while awaiting further developments both up here and in Washington. Mackenzie plans to discuss the whole position with English in Ottawa this week.

800. DEA/10817-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2189 Washington, September 18, 1950

IMMEDIATE

1. Reference my WA-2091 of September 11th, Defense Production Act.

2. National production authority yesterday issued their first restrictive order under authority of the Act, known as NPA regulation No. 1. This becomes effective today, September 18th. Copies of this are being forwarded by airmail today. Full text appears in today's *New York Times*.

3. The purpose of the regulation is to prevent the accumulation of excessive inventories of materials in short supply, a list of which is appended. This is to be accomplished by limiting quantities of such materials that can be ordered, received or delivered. The regulation, however, does not apply to the ultimate consumer buying for his own use and not for resale.

4. The basis of the order is the practical minimum working inventory, which is defined as the smallest quantity of material from which a person can reasonably meet his deliveries or supply his services on the basis of his currently scheduled method and rate of operation. Inventories are limited to this basis but provision is made for special considerations and for cases of hardship, such as seasonal buying.

5. Under the regulation, it is prohibited to place multiple orders with different suppliers knowing that the total materials involved is greater than the buyer would be permitted to receive, even though he intends to cancel certain orders before delivery. Likewise, it is an offense for a supplier to deliver material if he has reason to believe that his customer is not permitted to receive it because of his inventory position.

6. With respect to imported materials, a person may import any material acquired before landing without regard to the inventory restrictions. However, if his inventory thereby becomes in excess of the amount permitted, he may not receive further delivery of that material from domestic sources until his inventory position is adjusted.

7. Finally, the regulation requires persons subject to this provision to maintain records of inventories, receipts, deliveries and uses which he normally keeps in the course of his business, and to make such reports to the national production authority as may be required from time to time.

8. The materials affected by regulation No. 1 are:

Portland cement
gypsum board
industrial alcohol
benzine
caustic soda
chlorine
glycerine
soda ash
lumber, both hardwood and softwood, including box shooks, but excluding railway ties, mine ties and hardwood flooring
softwood plywood
wood pulp
iron and steel, including most mill shapes and scrap
aluminum, including both primary and mill shapes and scrap
columbium and its alloys and scrap
cobalt and its alloys and scrap
copper in practically all forms
magnesium, including semi-fabricated shapes and alloys
manganese and its compounds and scrap
nickel, including alloys and mill shapes and scrap
tin, primary and secondary scrap
tungsten, including alloys and compounds
zinc in practically all forms
all other non-ferrous scrap
natural rubber
synthetic rubber
burlap
cotton pulp
rayon yarn
nylon yarn

9. Please pass copy of this message immediately upon receipt to Mr. Beaupré, Department of Trade and Commerce.

801. DEA/10817-40

Le conseiller commercial de l'ambassade aux États-Unis à l'exécutif adjoint du sous-ministre du Commerce

Commercial Counsellor, Embassy in United States, to Executive Assistant to Deputy Minister of Trade and Commerce

Washington, October 2, 1950

Dear Mr. Beaupré:

NPA REGULATION NO. 2 — PRIORITIES

I informed you by telephone on Saturday, September 30, of the intention of the National Production Authority to issue a Priorities Order over the weekend. This Order, entitled Regulation No. 2, was issued today, the effect of which is to give national defense orders first call on the Country's productive resources. The Regulation, copy† of which is attached, becomes effective October 3, 1950.

The Order is a simple form of priority regulation confined to direct defense procurement. While a more elaborate system may well become necessary at a later date, the present Regulation merely assigns defense order priorities without graduation as to essentiality — all D.O. rated orders will have equal preference. The Regulation authorizes the assignment of a defense order rating to any defense order, thus making it mandatory that such defense orders be accepted and filled. A D.O. priority thus issued becomes applicable not only to the prime contractors but to sub-contractors, suppliers of materials, etc., completely down the line. Penalties are provided for evasion.

Defense order (D.O.) ratings are assigned by the National Production Authority or by other agencies so authorized by the National Production Authority. Such priority ratings are, however, applicable only to transactions in the continental United States and its possessions and the question, therefore, arises with respect to certain cases in which the Canadian and the United States defense programmes may be involved. From the wording of Regulation No. 2, it seems that no provision is made, for instance, for the assignment of priority (D.O.) ratings to:

(1) Canadian defense orders placed in the U.S. under

(a) the Military Defense Assistance Act, or

(b) direct with U.S. manufacturers.

(2) U.S. defense orders placed by the U.S. Armed Services either direct with Canadian manufacturers or through the Canadian Commercial Corporation.

This matter, which is obviously of some considerable concern, was discussed at length with Mr. McCoy, the Assistant Administrator for Industry Operations, National Production Authority, and with representatives of the Munitions Board, as

a result of which both those agencies are aware of the problem now confronting us. It is understood that the National Production Authority will study the whole matter immediately and will probably issue a further order or amendment extending the operation of priorities to Canadian orders in the above categories. Meanwhile, I have written to Mr. McCoy, setting forth the problem, and a copy of this letter is enclosed.

Yours faithfully,
JOHN H. ENGLISH

[PIÈCE JOINTE/ENCLOSURE]

Le conseiller commercial de l'ambassade aux États-Unis à l'administrateur adjoint des opérations industrielles du département du Commerce des États-Unis

Commercial Counsellor, Embassy in United States, to Assistant Administrator for Industry Operations, Department of Commerce of United States

Washington, October 2, 1950

Dear Mr. McCoy:

NATIONAL PRODUCTION AUTHORITY REGULATION NO. 2 — PRIORITIES

I should like to refer to our discussion on September 30, respecting the proposed institution of priorities.

The establishment of a broad Priorities System by the National Production Authority, Department of Commerce, will create some immediate and pressing problems in the acquisition of essential materials and equipment for

(a) the Canadian Military Defence Program, and

(b) U.S. Defense orders and contracts placed with Canadian industry.

In a memorandum dated November 17, 1949, for the Secretary of Defense, the Permanent Joint Board on Defense expressed "grave concern in the existing limitations upon the implementation of joint defense measures vital to the security of the North Atlantic American Continent" and recommended the removal "of existing barriers to the effective implementation of vital joint defense measures".

On May 5, 1950,[24] the Secretary of Defense issued a directive to the Secretaries of the three military departments and to the Chairman of the Munitions Board requesting the establishment of a co-ordinated Department of Defense program for *reciprocal* purchasing of military equipment with Canada. This activity is now well under way and is identified as the U.S.-Canada Reciprocal Procurement Program.

[24] Voir le document 771./See Document 771.

On August 8, 1950,[25] the U.S.-Canada Joint Industrial Mobilization Committee, at its meeting at Ottawa, Canada, established broad principles for facilitating a high degree of co-operation in the field of industrial mobilization.

These have now been approved by the Canadian Government and by the President of the United States.

In order to maintain the continuity of this joint effort, it is submitted that the National Production Authority expand its priorities system to include the requirements of the Canadian Military Defense Program and also to include U.S. orders and contracts placed in Canada for military supplies and equipment.

Priority assistance will be required under the following specific categories:

(a) *Canadian* defense orders placed with Canadian contractors but requiring some U.S. materials or components.

(b) *Canadian* defense orders placed in the U.S., under

(i) the Military Defense Assistance Act, or

(ii) direct with U.S. manufacturers.

(c) *United States* defense orders placed by the U.S. Armed Services through the Canadian Commercial Corporation (the official Canadian Government procurement agency) with Canadian manufacturers.

(d) *United States* defense orders placed by the U.S. Armed Services direct with Canadian manufacturers.

It is suggested that the mechanics of extending the National Production Authority Priority System should not be too difficult and could roughly follow the World War II arrangements.

Under the delegation of authority for extending and re-allocating priority ratings to the Munitions Board and the Armed Services, the following is suggested:

1. Certification of "eligibility" under categories (a) and (b) above could be presented by authorized representatives of the Canadian Government to the Munitions Board.

2. Certification of "eligibility" under categories (c) and (d) could be provided by the U.S. Armed Services contracting officer.

With special reference to category (b), while it is true that Military Defense Assistance Act procurements enjoy the same priority treatment as purely U.S. Armed Service orders, it is important to establish now that it is in the joint U.S.-Canadian interest that Canadian requirements will continue to enjoy equal priority status with those of the U.S. should any re-rating of Military Defense Assistance Act procurement occur.

In view of the close integration of the rapidly expanding U.S. and Canadian Defense Programs, it is urgently requested that the National Production Authority Priorities System be extended to include both the Canadian Military Defense Pro-

[25] Voir le document 789./See Document 789.

gram and that portion of the U.S. Defense Program that draws supplies and equipment from Canadian sources.

Yours faithfully,
JOHN H. ENGLISH

802. DEA/10763-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2452 Washington, October 10, 1950

Following for Mr. T.N. Beaupré, Executive Assistant, Department of Trade and Commerce, from R.D. MacDonald, Begins: As a starting point in our discussions with the national production authority on the form of the directive they will issue covering the extension of the United States priorities to Canada have suggested the following wording taken from the World War II War Production Board Regulation 14 dated 8th July, 1942, and included in Federal Register 5272: "Whenever any order or regulation heretofore or hereafter issued by the National Production Authority regulates in any manner the production, delivery, sale or use of any material and includes specific provisions with reference to transactions with or for the account of one of the United States Government agencies listed below, or transactions related thereto, the corresponding Canadian agency or agencies named below shall be deemed to be included in such reference, unless such order or regulation specifically excludes the Canadian agency or agencies:

U.S. Agencies
U.S. Department of Defence

Corresponding Canadian Agencies
Canadian Department of National Defence
Canadian Commercial Corporation
Canadian Arsenals Limited"

Please understand this represents a first approach and is subject to review by appropriate NPA and Commerce Department offices. Ends.

803. DEA/10817-40

Le conseiller commercial de l'ambassade aux États-Unis au directeur, Direction des produits de base du ministère du Commerce

Commercial Counsellor, Embassy in United States, to Director, Commodities Branch, Department of Trade and Commerce

CONFIDENTIAL Washington, October 20, 1950

Dear Mr. Harvey,

NATIONAL PRODUCTION AUTHORITY

I had an opportunity at lunch today with Mr. McCoy, Assistant Administrator for Industry Operations, National Production Authority, to review the operations, both present and prospective, of the National Production Authority and to attempt a further strengthening of the liaison which we already have with that agency.

Mr. McCoy reiterated his belief in the importance in keeping us well apprised of planning and developments within NPA and he said that the only reason we had not been informed prior to bringing into effect certain orders in the past resulted from the severe pressure under which the agency is working and, particularly, the lack of adequate organization. He hoped to overcome these problems as things progressed.

Mr. McCoy spoke hopefully that there would be a satisfactory outcome of the priority meetings which are to take place next week when Mr. Bull is here. He thought no great difficulty should be experienced in getting agreement for the extension of DO Ratings to Canadian defence orders, providing we find it possible to provide some form of reciprocal arrangement where that seems desirable in Canada.

Several matters of considerable interest and concern developed during the meeting. Mr. McCoy referred to the serious supply position which is developing in the United States, particularly in respect of nickel, aluminum, copper and cobalt. Not only is the stockpile position in each of these unsatisfactory in relation to present requirements but, because of the urgent need for increasing stockpiling, the civilian position is rapidly becoming most unsatisfactory. Serious and urgent consideration is, therefore, being given by the National Production Authority to the imposition at an early date of orders — (a) prohibiting the use of these metals for certain civilian purposes; and (b) the limitation of the use of these metals under a percentage of former use. In view of the extremely difficult position respecting nickel, it seems likely that an order will be issued within a few days, although this is not yet certain. In any event, he informed me that limitation orders concerning all of these metals are expected to be issued by November 1st.

I expressed some concern that orders of this nature covering products of such importance to Canada might be issued without prior advice to us and I explained how difficult and embarrassing this might prove to be, not only for Canada but for the United States as well. Mr. McCoy recognized the situation at once and said he would certainly keep this in mind in the future. Meanwhile, he promised to let me have immediately either copies of the draft limitation orders respecting these met-

als, or minutes covering them. This, he said, would enable the Canadian authorities to be aware of anticipated American action and, if necessary, to request some delay in bringing into effect such orders in the United States, in order to enable us to take priority action in Canada should this be desirable.

I hope to have copies of the draft orders, or summaries of them, within the next few days, at which time I will, of course, see that they are transmitted to you immediately.

Yours faithfully,
JOHN H. ENGLISH

804. DEA/10817-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2663 Washington, October 24, 1950

CONFIDENTIAL

Following for Denis Harvey, Department of Trade and Commerce, from John H. English, Begins: With reference to my letter of October 19th [20th], the National Production Authority have today provided me with draft copies of proposed orders limiting the use of aluminum and prohibiting certain types of building construction.

2. There are two draft orders respecting aluminum. The first is an "M" order, the purpose of which is to establish rules for placing, accepting and scheduling "do" rated orders. It provides equitable distribution and rated orders amongst all United States producers and fabricators of aluminum. This is similar to steel order M1 in that it sets up a lead time in this case of sixty days for the placing of orders. It also provides for the reservation by primary producers of twenty-five percent of five percent of their ingot production to establish a pool each month sufficient to take care of production of all types of aluminum products on rated orders.

3. The second draft aluminum order will prohibit as from February 1st, 1951, the use of aluminum in the manufacture of a long list of non-essential civilian items, and will between the effective date of the order and January 31st, 1951 limit the use of aluminum in the manufacture of these items to not more than was used for the manufacture of such items during the same period 1949-50. The prohibited list includes some hundreds of civilian items, a full copy of which will be provided if desired.

4. The third is a draft construction order which will restrict construction for the purpose of conserving scarce materials. For this purpose it will prohibit the commencement of construction of any building or structure to be used in connection with a specified list of buildings including amusement parks, nearly all buildings associated with sports, recreation halls, dance halls, theatres and similar enterprises.

The order exempts construction valued at $3,000 or under, maintenance and repair and defence construction.

5. I have not been informed when these orders will be made effective but if you have any comment which you think should be passed on to N.P.A. will you please inform me.

6. I am informed that copies of similar draft orders covering zinc, nickel and copper will be handed to me within the next few days. Ends.

805. DEA/10817-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2701 Washington, October 26, 1950

Following for Denis Harvey, Commodities Branch, Department of Trade and Commerce, from R.D. MacDonald, Begins: Have advised Mr. Mackenzie am returning with the Minister Friday evening.

Quoted below draft NPA regulation covering Canadian priority extensions.

If generally acceptable desire return to Washington with draft of Canadian directives designed to extend United States priority ratings in Canada. Minister suggests we devote weekend to the job.

"This regulation is found necessary and appropriate to promote the national defense and is issued pursuant to the authority granted by the Defense Production Act of 1950 and to implement the provisions of the statement of principles for economic cooperation issued by the Governments of the United States and Canada dated October 26th, 1950.

1. What this regulation does. In order that the American defense program may obtain Canadian priorities assistance and the Canadian defense program may have the benefits of the priorities system of the United States, this regulation describes how such action will be integrated.

2. Rated orders from the United States under the United States defense program, placed with Canadian suppliers

(a) If a rated order from a person in the United States, under NPA Reg. 2, is placed with a supplier located in Canada, either directly or through extension, the Canadian supplier may extend the rating received by him in order to acquire materials in the United States in accordance with the provisions of Sec. 11.5, and subject to the restrictions of Sec. 11.6 of NPA Reg. 2.

(b) A person located in Canada extending the rating to a supplier located in the United States, pursuant to this section, shall mark on his purchase order the prefix "do" and the two digit designation appearing on the rated order received by him, and shall affix thereto the additional statement to read as follows: 'certified under

NPA reg ...'. such certification shall be signed by him in the manner prescribed in NPA Reg. 2, Sec. 11.8.

(c) If a supplier located in Canada requires priority assistance to obtain materials of Canadian origin to fill a rated order received by him from the United States, application should be made by him to the projects division, Department of Trade and Commerce, Ottawa, Canada for appropriate action.

3. Rated orders from Canada to the United States under the Canadian defense program

(a) The Canadian Commercial Corporation, or any other Canadian Crown Company charged with the responsibility for procurement under the Canadian defense program, or any person located in Canada who has an order in connection with the Canadian defense program calling for delivery of materials to persons located in Canada by persons located in the United States may make application through the Projects Division, Department of Trade and Commerce, Ottawa, Canada, to the National Production Authority, Washington 25, D.C., Ref: Reg _____, for authority to apply to such orders the "do" ratings authorized by NPA Reg. 2. All such orders to which such "do" ratings shall be so applied shall have equal standing to the ratings applied to United States orders under NPA Reg. 2.

(b) All such rated Canadian orders herein above referred to which are placed in the United States pursuant to this section shall bear the prefix "do" and the two digits which may be assigned by NPA as identifying Canadian orders, together with a statement to read as follows: 'Certified under NPA Reg _____'. Such certification shall be signed in the manner prescribed in Section 11.8 of NPA Reg. 2.

4. Certifications by Canadian purchasers to supplier in the United States. Certifications under Sections .2(b) or .3(b) constitute a representation to the supplier in the United States and to the National Production Authority that the person signing such certification is either extending a rating received by him from a purchaser in the United States under the provisions of NPA Reg. 2 or he has been specifically authorized by the National Production Authority under this regulation to apply the rating for the purposes authorized in connection with the Canadian defense program.

5. Specific authorization required. If a person located in Canada received a rated order from a person located in the United States or if he has received a Canadian defense order and cannot fill such order without assistance in obtaining materials from the United States for plant improvement, expansion or construction or obtaining machine tools or other items which he will carry as capital equipment or obtaining maintenance, repair or operating supplies, such Canadian supplier may apply to the Projects Division, Department of Trade and Commerce, Ottawa, Canada for priorities assistance. Such request for assistance will be examined by the Projects Division, and if approved by it, shall be forwarded to National Production Authority, Washington 25 D.C., Ref: NPA Reg. _____ for approval. Ratings for items included in this category may be applied only when specifically authorized for such purposes by the National Production Authority.

6. Applicability of NPA Reg. 2 all of the provisions of NPA Reg. 2 shall apply to all persons affected by the provisions of this regulation except to the extent where

such regulations are inconsistent, in which event the provisions of this regulation will prevail." Ends.

806. DEA/10817-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-2123 Ottawa, October 30, 1950

CONFIDENTIAL. IMMEDIATE.

Following for Macdonald from Mackenzie, Begins: In accordance with your request, the following is the text of the instructions regarding defence requirements and priorities which we agreed yesterday.

"Instructions Regarding Defence Requirements and Priorities

1. The governments of the United States and Canada, in the interests of mutual security and to assist in the discharge of their obligations under the United Nations Charter and the North Atlantic Treaty, have provided for the widest utilization of North American sources of essential military materials and supplies, and have recently agreed on a joint statement of principles for economic co-operation.

2. In accordance with these principles, the military production programs of the two countries must be closely integrated, since manufacturers in both countries are dependent on common sources of materials, supplies and capital equipment. In the United States, to ensure that defence production goals are achieved, the United States government has recently instituted a number of controls, including a formal priority system. In Canada, while standby powers have been taken, it has not been considered necessary to institute a formal priority system. Instead, voluntary arrangements have been and are being made to ensure priority production of Canadian defense orders. Because of the close association between industry in the two countries, and to facilitate the joint development of our military production programs, an agreement has now been reached to provide mutual priority assistance where this is necessary.

3. In order to meet Canada's requirements of essential materials and components from United States sources for defence orders, the United States government will extend the benefit of its formal priority system to Canada. On its part, the Canadian government will extend to U.S. defence orders equal priority assistance to that accorded Canadian defence orders.

4. In order to carry out these arrangements the following procedures will be used:

5. Where suppliers in Canada are undertaking on a voluntary basis the equitable distribution of scarce material and giving precedence to filling Canadian defence orders, it is now essential that such suppliers give equal priority to rated orders originating in the United States.

6. If a supplier located in Canada receives a rated order from the United States and requires priority assistance to obtain from the United States materials to fill that order, he must mark his purchase order on the U.S. supplier with the prefix DO and the two digit designation of the rated order, and affix thereto an additional signed statement reading — "Certified under NPA Reg _____".

7. If a supplier located in Canada has a contract from the Canadian Commercial Corporation, Canadian Arsenals, or N.R.C. on behalf of the Atomic Energy Control Board, for production or delivery of defence supplies and requires priority assistance to obtain materials from the United States to fulfil such contract, he must make an application to the Projects Division, Department of Trade and Commerce, for a rating. If such rating is granted his purchase order on the U.S. supplier is to be completed as prescribed in Paragraph 6. The same priority assistance will be available to sub-contractors, who must apply through their prime contractor.

8. A person who has received a rated order for defence supplies may not extend the rating to get materials for plant improvement, expansion or construction, or to get machine tools or other items which he will carry as capital equipment or to get maintenance, repair or operating supplies.

9. If a supplier located in Canada receives a rated order referred to in Paragraph 6, or has a contract referred to in Paragraph 7, and cannot fill such order or fulfil such contract without assistance in obtaining from the United States (a) materials for plant improvement, expansion or construction, or (b) machine tools or other items of capital equipment, or (c) maintenance, repair or operating supplies, he may make an application to the Projects Division of the Department of Trade and Commerce for a rating, and if such rating is granted his purchase order on the U.S. supplier is to be completed as prescribed in Paragraph 6.

10. If a supplier located in Canada has received a rated order referred to in Paragraph 6, or has a contract referred to in Paragraph 7, and requires priority assistance to obtain materials in Canada to fulfil the order or contract, he may make application to the Projects Division, Department of Trade and Commerce for such assistance."

2. I am sending you by air mail today the original letter to General Harrison, enclosing a copy of these instructions with the thought that you may want to deliver these documents yourself. Ends.

807. DEA/10817-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2845 Washington, November 6, 1950

IMMEDIATE

Following for Denis Harvey, Trade and Commerce, from R.D. MacDonald, Begins: At a further meeting at Department of Commerce NPA have stated that they do not wish to extend the same rating numbers to Canadian procurement under the Canadian defence program and wish to identify the Canadian rated orders separately. The following are their reasons which appear valid:

1. The Munitions Board major claimants program classification numbers were used in numbering the NPA DO system.

2. Major claimants program numbers are related to United States military defence appropriations approved for the fiscal year.

3. In addition the armed services have given to NPA a dollar quota figure related to each classification and also related to the military appropriations.

4. The superimposition of Canadian dollar quotas would upset the bookkeeping of United States defence appropriations and dollar quotas given NPA.

5. Canadian United States dollar quotas are to be kept separately and therefore can never become a subject of discussions at political level when United States defence appropriations are approved for the next fiscal year by Congress.

This information was given to Mr. English and he is in position to discuss it in detail. Ends.

808. DEA/10817-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-2196 Ottawa, November 6, 1950

CONFIDENTIAL. IMMEDIATE.

CANADA-UNITED STATES EMERGENCY COOPERATION — THE CASE OF ALUMINUM

1. News was received here late last week that United States aluminum interests (especially Reynolds) had persuaded Mr. Symington to issue today (Monday) a statement that the United States authorities were going [to] purchase high-cost American aluminum instead of low-cost aluminum repeatedly offered by Alumi-

num Company of Canada. This would involve a flagrant breach of the "principles for economic cooperation" confirmed by the two Governments in an exchange of notes less than a fortnight ago.[26]

2. Mr. Howe is particularly concerned. From his conversations in Washington ten days ago he considers that Mr. Sawyer would be more sympathetic to Canadian representations than Mr. Symington. Hence he sent an airmail letter to Mr. Sawyer. It was posted on Saturday. The text follows at the end of this message.

3. This Department has of course no objection to a direct contact such as Mr. Howe is making in this case and it is to be hoped that the matter will cleared up in this way. You should not (repeat not) make any direct contact with State Department on this matter for the time being. However, we should appreciate your advice as to whether such an approach, or any other approach, would be useful under the circumstances.

4. The text of Mr. Howe's letter is as follows:

Text of Letter Begins:

Writing to the Secretary of Commerce as Minister of Trade and Commerce, I wish to place before you certain aspects of our mutual problem of an adequate supply of aluminum for war and civilian purposes.

I am concerned that the course of action reported to be under consideration in the United States may fail in its objective through not making adequate use of the resources of our two countries in that regard.

In accordance with the Principles of Economic Cooperation, recently agreed between our two countries, your officials have been discussing with our representatives a proposed order on the conservation of aluminum, which I understand, will be issued by the National Production Authority. The draft order which I have before me, reads in part as follows:

"*Purpose and Scope*. The purpose of this order is to conserve the supply of aluminum in the interest of national defense, including the stockpile program, and the maintenance of the essential civilian economy. It curtails the use of this scarce and strategic material in manufacturing and construction..."

Along with this proposal to limit the use of aluminum in manufacturing and construction, we hear of plans to greatly expand basic production capacity in the United States, using energy derived from natural gas and coal. We fully agree with the need for increased productive capacity of aluminum on this Continent, but before you take steps to curtail consumption of aluminum, and more particularly if you are in fact considering an expansion programme, I think you should take into consideration the contribution that Canada is capable of making in supplying this strategic metal.

You will recall the wording of the "Statement of Principles for Economic Cooperation", which reads in part as follows:

"It is agreed, therefore, that our two governments shall cooperate in all respects practicable, and to the extent of their respective executive powers, to the end

[26] Voir Canada, *Recueil des traités*, 1950, N° 15./See Canada, *Treaty Series*, 1950, No. 15.

that the economic efforts of the two countries be coordinated for the common defense and that the production and resources of both countries be used for the best combined results."

In the spirit of that agreement, I draw to your attention the fact that the United States Munitions Board had before it for some months an offer from the Aluminum Company of Canada Limited, to supply an additional 200,000 metric tons of standard aluminum ingot, at a price of 16 1/2¢ U.S. currency per pound, f.o.b. Canadian smelter, with an allowance of actual freight to destination in the U.S.A. not exceeding 1¢ per pound. The deliveries offered were 35,000 metric tons in 1951, 65,000 tons in 1952, and 100,000 tons in 1953. This was to be produced from new hydro electric power and new productive facilities presently under construction. Even though this offer was not accepted, Canada is proceeding to bring this proposed new capacity into production, to fill Canadian and other requirements.

I may say that, in addition to the above, additional capacity can be built in Eastern Canada to produce a further 100,000 metric tons commencing production in two and one-half years.

In addition to the above Canadian offer, which is based on increased production in Eastern Canada, the Canadian industry has for the past two years been engineering a development for hydro electric power and aluminum in British Columbia. This engineering has now been completed, and I am informed that a project can be built that will provide added production of 150,000 metric tons per annum of aluminum after a construction period not exceeding three years, and a total of 500,000 metric tons after five years. The power development contemplated is very favourable, in that the cost of power will be between 1 mill and 1 1/4 mills per kilowatt hour. This indicates that aluminum can be offered to the United States on at least as favourable terms as the offer to the Munitions Board to which I have referred. The proposed power development is remote from industry, and will therefore be used exclusively for producing aluminum.

It seems to me that by looking to Canada, in part at least, for both immediate and more distant help in aluminum production, a much more satisfactory and economical situation can be created than the one now proposed, with the distant possibility that curtailment of the use of aluminum may not be necessary for the present at least.

I may perhaps point out that the Canadian industry has immediately available sources of bauxite and other raw materials, adequate to support the proposed expansion.

I feel that I should bring this situation to your personal attention. I may add the observation that in the light of this situation and again referring to our recent agreement on Principles for Economic Cooperation, I think you will agree that, if you do find it necessary to bring into force an order limiting the use of aluminum in the United States, it could hardly be considered necessary for Canada to institute controls of a similar nature over aluminum in this country.

Text of Letter Ends.

809. DEA/10817-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2879 Washington, November 8, 1950

CONFIDENTIAL

Your EX-2196 of November 6th, Canada-United States economic co-operation — aluminum.

1. No statement on the use of United States sources of supply has been issued by Mr. Symington, and the Public Relations Officer of N.S.R.B. does not know of any intended statement. There are a number of references to the expansion of United States production in an article by T.E. Mullaney in the *New York Times* of November 5th.

2. MacDonald has discussed the matter with Winant of N.S.R.B. this afternoon. Winant is not at all unsympathetic to a substantial increase in supplies from Canada and undertook to consult the Department of Commerce and the Munitions Board at once and to prepare a statistical statement covering probable demand and possible sources of supply during the next few years. Mr. Symington is not in Washington at the moment.

3. I think that we should not approach the State Department until we have heard from Winant again. I should also like to discuss the matter with Matthews and English, who are both in Ottawa, and with Bateman, who will be here later this week. If we do approach the State Department, we might make use of the tripartite economic machinery, although this is pretty much in suspense. Matthews might take the issue up with Labouisse (probably without British participation) as a matter falling within the general purposes of the tripartite arrangements and also as one directly involving the application of the "principles for economic co-operation". There is some prospect, however, that without representations to the State Department the matter may be straightened out.

4. If Mr. Howe does not receive a reply to his letter to Mr. Sawyer within a few days, I might see Mr. Sawyer, whom we know to be sympathetic, and enquire about the matter.

810. DEA/10817-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-2262 Ottawa, November 9, 1950

CONFIDENTIAL. IMPORTANT.

Your WA-2879 of November 8. Canada-United States Economic Cooperation — Aluminum. Your teletype has been discussed with Mackenzie who urges strongly that the matter be left entirely between Mr. Howe and Mr. Sawyer for the time being. We have some evidence that Mr. Sawyer seems to have received Mr. Howe's letter.

2. We regret that part of the information given in paragraph 1 of our EX-2196 was incorrect. The statement to be issued last Monday was not specifically concerned with the non-acceptance of Canadian aluminum but was simply in connection with the proposed order restricting uses of aluminum in the United States.

3. The question of accepting Canadian aluminum seems to be one of high politics which is not likely to be settled by statistical statements prepared at lower levels regarding demand and sources of supply. Mackenzie is rather worried that activity at lower levels may actually muddy the waters. The same might be true of any approach through Tripartite economic machinery. We regret the mis-information we have given to you but would be glad if you would take no further initiative without advice from here. We would, however, be grateful to receive your further comments after discussion with Matthews, English and Bateman.

811. DEA/10817-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2920 Washington, November 13, 1950

Following for M.W. Mackenzie, Deputy Minister, Department of Trade and Commerce, from Bateman, Begins: English and I had a nickel meeting Friday last, at which on the United States side were two representatives each of State Department, Munitions Board, N.S.R.B. and N.P.A.

2. Without going into details, which I will cover in a written report,[27] I would consider the meeting reasonably satisfactory. While N.P.A. considers that it has a mandate to issue formal restriction orders of the type of which you have been

[27] Non retrouvé./Not located.

advised, I think they are sufficiently impressed with our arguments that they will take their time before issuing an order and have promised that no order will be issued without further consultation.

3. The Munitions Board disclosed their short-term stockpile objective which was so reasonable that I am sure it will be objected to by N.S.R.B. Toward the end of the meeting there was further discussion regarding a proposed aluminum order. My general impression is that they are so concerned over the possible effect of the proposed aluminum order that they will delay issuing it until they are able to assess the effects of restriction orders already imposed, such as the construction order and restrictions on consumer credit.

4. I shall probably be here for several days. Ends.

812. DEA/10817-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2925 Washington, November 13, 1950

CONFIDENTIAL

Following for M.W. Mackenzie, Deputy Minister, Department of Trade and Commerce, from G.C. Bateman, Begins: Further to this morning's teletype latest information now is that aluminum restriction order may be issued almost immediately. Understand this would reserve 35 per cent for DO's and stockpile and limit use for other purposes to 65 percent of amount used during base period of six months ending June 30th, 1950. Difficult to assess effect on Canadian commercial exports to the United States but it presumably would place a ceiling on them and might possibly reduce them from present level. On the other hand proposed order may cause so much trouble here that there is possibility of its being helpful in the larger scheme which we are trying to promote. Have heard nothing to indicate that they will not continue to go slow on issuing a nickel order but it must be remembered that they have a habit of not staying put for very long. Ends.

813. DEA/10817-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2935 Washington, November 14, 1950

SECRET

Following for M.W. Mackenzie, from John H. English, Begins: Further to George Bateman's teletype WA-2920 of November 13th, and to my previous messages, including WA-2743, national production authority yesterday issued order M-7, restricting the use of aluminum. The order, copies of which are being sent under separate cover,† restricts fabricators, as from January 1st, 1951, to 65 per cent of the aluminum consumed by them during the first six months of 1950, but it excludes aluminum used for defence DO orders and consumers using less than one thousand pounds of the metal a year. Aluminum used for maintenance and repairs is also excluded. Between now and January 1st, 1951, consumption is limited to 100 per cent of the same base period of 1950.

2. This cutback of 35 per cent in civilian consumption is expected to cover defence orders and additional stockpiling requirements. In the opinion of Bateman, however, it may have the effect of making a good many fabricating plants uneconomic since their maximum operation, excluding defence orders, will be limited to 65 per cent of the base period, a figure which Bateman thinks will generally be below an economic operating level. It is expected that some plants will close down and it is possible that imports of aluminum from Canada may thereby be adversely affected.

3. Harrison, the Administrator of N.P.A., admitted yesterday that some shutdowns and unemployment in the industry are to be expected as well as price increases, especially in consumer aluminum goods. Aluminum fabricators have already made representations to N.P.A. claiming that the order is far too severe for present circumstances and it is understood labour is concerned over possible layoffs. N.P.A. is, however, adamant at this stage, considering that a substantial reduction in civilian consumption is essential to meet stockpile requirements.

4. Bateman is continuing his talks with agencies in Washington in order to determine the best agency to approach and formally advise on behalf of the Government that we can assure the United States of the potential availability of large supplies of aluminum at a contract price lower than the United States will have to pay its own producers. However, the United States seems determined for political and security reasons to give first preference to increased production within the United States. It is understood that the military is not in favour of any substantial dependence on new production in North-West Canada in particular because of its vulnerability.

5. Bateman feels as a result of his discussions which he proposes to take to a high level within the next few days that even if the United States should be interested in

a Canadian contract it would have to be supplemental to increased production in the United States. If the indications are that the Canadian offer will meet an unfavourable reception it may be desirable to place it officially before the State Department and of subsequently letting a rumour leak out that we have made an offer of 150,000 to 500,000 tons a year at a favourable price which if accepted promptly would probably avoid the necessity of the drastic restrictions of the present United States order.

6. Please pass a copy to Mr. Plumptre. Ends.

814. DEA/10817-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2975 Washington, November 17, 1950

CONFIDENTIAL

Following for M.W. Mackenzie, Deputy Minister, Department of Trade and Commerce, from John H. English, Begins: Further to our WA-2935 of November 14th, George Bateman has prepared the following memorandum re the aluminum situation:

2. On November 10th I received telegram from the Minister, asking me to call Powell[28] and authorizing me to put forward in the Minister's name any proposal which Powell was prepared to authorize on behalf of Alcan. I talked with Powell who appeared most anxious that an offer from Alcan put forward by the Government should be a matter of record and he sent MacDowell here to advise me what they were in a position to offer. English, MacDowell and I decided as a first approach that I should discuss matter with men in different agencies whom I knew, tell them what we had in mind and ask their advice as to the best procedure and the best top-level official to approach on a formal basis. It was thought best that I make the informal approaches alone but that on a formal presentation I should be accompanied by English. On Monday and Tuesday I saw Wynant and Shannon of N.S.R.B., Colonel Miergard of Munitions Board and Gumbels of G.S.A. In each case I reviewed the supply and requirements picture, said that to discharge our obligations under the principles of economic cooperation we considered it desirable that the Government inform the United States of the contribution which we were able to make and stated that within three years we could bring in 150,000 tons a year in the west, and additional 100,000 tons in the east and within five years a further 350,000 tons in the west, that the United States could take all or part of 500,000 tons a year for five years starting 1954 at a price lower than the United

[28] Ray Edwin Powell, président de l'Aluminum Company of Canada Ltd.
Ray Edwin Powell, President, Aluminum Company of Canada Ltd.

States domestic price with a twenty-year call on the facilities to produce the annual tonnage for which they might now contract.

3. MacDowell remained in Washington until Tuesday afternoon and was kept fully advised.

4. None of the men were optimistic about outcome but Shannon and Wynant promised to explore situation and advise me. On Wednesday morning they suggested my seeing Larsen. Before making appointment with Larsen I phoned MacDowell in New York, about 11.30, asking him to give me more specific price which I could use and also if they would be prepared as an alternative to offer a substantial tonnage over the next five years. He seemed pleased with the idea and the progress and said he would have details before 3.00 p.m. He phoned at that time to say they had changed their minds and did not want to proceed further with the matter or to make any offer of any kind. In view of this attitude and of the unfavourable Washington atmosphere regarding Canadian aluminum and of the probability that as a result of the aluminum restriction order the N.P.A. will be deluged with complaints I am taking no further action and am returning to Montreal today. Meanwhile, you may have seen the press release by the Aluminum Company of Canada which appears on page 43 of the *New York Times* today which can hardly be said to improve our position in the United States. Ends.

815. DEA/10817-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3033 Washington, November 25, 1950

CONFIDENTIAL

Following for Denis Harvey, Director, Commodities Branch, Department of Trade and Commerce, copy to Plumptre, from English, Begins: The National Production Authority have provided me with an advance draft copy of the order to be issued early next week respecting nickel.

2. The purpose of the order is to ensure equitable distribution of available nickel after provision for rated orders and stockpiling requirements, and provides that no person shall consume in manufacturing process or construction during the first quarter of 1951 a quantity of nickel by weight in excess of 65 percent of his average quarterly consumption during the base period January 1st to June 30th, 1950, provided, however, his consumption in any one month shall not exceed 40 percent of the permitted use during the quarter.

3. It also provides that no person shall consume for maintenance, repair or operating supplies, during the calendar quarter commencing January 1st a quantity of nickel in excess of his quarterly consumption for such purposes during the base period.

4. The order excepts DO rated orders and other mandatory orders or directives, which may be issued from time to time by N.P.A. Exception is also provided for consumers using small quantities, the exact figure of which is not yet determined. The order also contains an inventory provision which limits the receipt of nickel by consumers to an amount necessary to meet restricted requirements during the succeeding thirty-day period. Ends.

816. DEA/10817-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

DESPATCH 3093 Washington, December 2, 1950

GOVERNMENT PURCHASES OF ALUMINUM

I am enclosing two copies† of a column by Marquis Childs that appeared in the *Washington Post* on December 1 concerning the decision of the National Security Resources Board to purchase additional supplies of aluminum from United States producers rather than from the Aluminum Company of Canada.

2. This article is of particular interest since it sets out the historical background of the decision taken by Mr. Symington. It points out that Mr. Symington, as Surplus Property Administrator, when disposing of Government-owned aluminum plants in 1945 decided to strengthen the position of the minor producers rather than to turn over these plants to the Aluminum Company of America. Mr. Childs suggests that the decision to increase the relative status of the independent producers rather than to increase one of the world's greatest producers, the Aluminum Company of Canada, which also had at least some form of association with the Aluminum Company of America, was an important factor in Mr. Symington's decision.

3. It is probable that the general line taken by Mr. Childs will also be taken by many United States Government officials.

W.D. MATTHEWS
for Ambassador

817. DEA/10817-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3193 Washington, December 8, 1950

CONFIDENTIAL. IMPORTANT.

PREPARATIONS FOR FULL ECONOMIC AND INDUSTRIAL MOBILIZATION OF THE UNITED STATES

1. An appeal made yesterday by [Alan] Valentine, Head of the Economic Stabilization Agency, to automobile companies to suspend price advances until his agency could examine "the entire question of prices" brought to a head rumours which have been circulating in Washington the last few days that the Administration was contemplating the imposition of "full controls" and that the President was about to declare a state of national emergency and to institute "full industrial and economic mobilization". As a result, Stephen Early, acting White House press secretary, and William Harrison, Administrator of the National Production Authority, denied these rumours. Early, however, in a press statement, admitted that there had been general talks within the administration on all-out economic and industrial mobilization and emergency Executive orders.

2. This is the first public intimation that plans are being prepared for a changeover from a state of partial mobilization to full mobilization on the economic and industrial front.

3. In some preliminary comment from a reliable White House source, we were told that plans were in the course of preparation for far more intensive economic and industrial mobilization in this country. This would not, we were told, involve full military mobilization, but would be directed to moving the country into a state of fuller industrial and economic preparedness in the event of further deterioration of the international situation.

4. The planning apparently involves, at this stage, a consideration of:

(a) A declaration of national emergency;

(b) The issuance of further executive orders under the Defence Production Act;

(c) The imposition of allocations on exports of raw materials;

(d) The imposition of end item controls;

(e) The preparation of the necessary organization to implement price and wage controls and allocation orders.

5. No decisions, we were told, had yet been reached and the discussions were essentially in an advanced planning stage. It was also emphasized that no new legislation appeared to be required to take the steps now contemplated by the Administration for this purpose. The state of national emergency declared with Congressional sanction at the time of Pearl Harbour still exists; however, a new

declaration of national emergency may be made for psychological reasons. The Defence Production Act passed this summer provides the necessary legislative authority for the issuance of emergency executive orders. What appears to be now mainly involved is that wage and price controls will have to be imposed and the necessary machinery established.

6. There is as yet no firm indication of when these decisions will be taken. We were given to understand, however, that an announcement from the President putting the emergency machinery in motion, together with the issuance of the executive orders, might come before the end of the year. Early, questioned on this point, is reported to have said: "You can't just get a piece of paper and write 'national emergency' upon it. There must be preparation, you must have agencies and offices to carry out the Executive orders." The prospect is that the new controls will come into effect early in 1951.

818. DEA/10817-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3212 Washington, December 11, 1950

CONFIDENTIAL. IMMEDIATE.

Reference my WA-3193. Preparations for full economic and industrial mobilization of the United States.

1. We have learned from a reliable White House source that the President is planning to make an important statement — probably next Wednesday night — which will be broadcast to the country. No information is being divulged about its content as this statement is at present in the course of preparation, but we were told that it would include "a dramatic announcement" pertaining to the United States defence production effort. It would also contain a report to the country on the seriousness of the present situation resulting from Chinese Communist intervention and an indication of what steps the administration proposes to take to meet the situation.

2. We learned also that Presidential assistants such as John Steelman and Charles Murphy who have been working on the draft of the statement have been required by the President to have the text ready by Tuesday afternoon and that the President will consult Congressional leaders on his message on Wednesday morning. The time of the broadcast has not yet been set.

3. Speculation in the newspapers that the President may declare a state of national emergency this week was stimulated by a remark made by General Marshall on Saturday upon leaving a closed meeting of the Senate Appropriations Committee which was holding hearings on defence appropriations, to the effect that President Truman "was seriously considering" the declaration of a state of national emergency. Several senators who attended this closed session, moreover, expressed their

own convictions that such a proclamation should be issued as soon as possible in order to draw the public's attention more forcibly to the present dangers and to lay the ground for fuller mobilization of industrial and manpower resources. In particular, Senators Elmer Thomas (Dem.) [Oklahoma], [John L.] McClellan (Dem.) [Arkansas] and [B.R.] Maybank (Dem.) [South Carolina] all permitted direct quotations in support of a declaration of national emergency.

4. From the private indications available to us, as well as from newspaper speculation, it would appear that the President's statement may well include the declaration of a state of national emergency and a reference to measures required to step up as quickly as possible the state of national preparedness, with particular reference to the defence production programme.

5. Unofficially, according to newspaper comment, it is thought that the declaration would revive such powers as ending leases on war plants and other properties and waiving regulations requiring the advertising of bids for Government contracts, thus permitting contracts to be let by negotiation. It would permit the Interstate Commerce Commission to assign priorities on transportation facilities, authorize the arming of merchant vessels and waive mandatory retirement of military officers and the limits now imposed upon the promotion and appointment of senior military officers. Particularly, also, it is expected that the declaration would have an important psychological effect in stepping up the planning activities of the Government and would attract the personnel from private industry necessary to operate the control and production machinery under an accelerated defence production programme. There is also some talk of plans for creating a new defence production organization — a sort of streamlined war production board — which would exercise greater authority than the NSRB in implementing the defence production programme.

6. I shall report any further information on the President's statement as it becomes available to us. The *Washington Post*, in reporting Washington rumours, relating to the expected Presidential announcement quotes a "Government informant" as saying that "I think this is going to be a very important week".

819. DEA/10817-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-2561 Ottawa, December 13, 1950

CONFIDENTIAL. IMPORTANT.

Reference your WA-3212 of December 11. Preparations for full economic and industrial mobilization of the United States.

1. Naturally we shall be extremely interested to learn what the United States intends to do to increase the pace of its mobilization. Like everyone else, we may

have to wait until the President has spoken to see what the United States latest intentions are.

2. If it is at all possible, we would, however, appreciate receiving a copy of the text of the President's address as much in advance of delivery as it is possible for you to arrange. According to today's papers this address is now set for Friday night. The third principle of the *Statement of Principles for Economic Co-operation* reads: "Such United States and Canadian emergency controls shall be mutually consistent in their objectives, and shall be so designed and administered as to achieve comparable effects in each country. To the extent possible, there shall be consultation to this end prior to the institution of any system of controls in either country which affects the other." In the light of this commitment, for whatever it is worth, U.S. officials may be willing to provide you with the text of whatever the President is going to say well in advance of delivery.

820. DEA/10817-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3261 Washington, December 14, 1950

CONFIDENTIAL. IMPORTANT.

Your EX-2561 of December 13th. Measures of further mobilization in the United States.

1. I have spoken to Perkins at the State Department about providing us with advance information on the contents of the President's address tomorrow night. He said that he had gone over the 8th draft of the speech this morning and expected there would be several more drafts before the text became final. He thought, however, that it should be possible to provide us with an outline of the chief decisions which will be announced in the speech even though the final text might not be ready far enough in advance to be of any use. He instructed a member of his staff to go into this at once.

2. I told him that since, under the statement of principles for economic co-operation, we would be expected to take more or less parallel action in setting up controls, the Government would be receiving inquiries immediately after the President's announcement. Foreknowledge of the main decisions were therefore almost necessary if these inquiries were to be handled effectively. He fully appreciated this point. I hope that by tomorrow morning at latest we may be able to send further information.

821. DEA/10817-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3264 Washington, December 15, 1950

CONFIDENTIAL. IMMEDIATE.

Reference my WA-3261 of December 14th, contents of President's speech this evening.

1. Perkins tells me that the speech is still undergoing revision this morning. It will include a passage to the effect that price controls and measures of wage stabilization will be adopted. This reference will be in general terms and will be accompanied by a further appeal for voluntary co-operation. Price controls will be applied selectively as the need arises, and it is hoped that complete control will prove to be unnecessary and that the area of compulsion can be limited with respect both to prices and wages.

2. From another source we learn that the content of the speech has changed in important respects since the President began a series of consultations with Congressional leaders and executive agencies early this week. The changes from the first drafts have related particularly to the question of wage and price controls. A final consultation with Congressional leaders is taking place this morning.

3. It was intended that he should announce in the speech the appointment of Mr. C.E. Wilson to head the economic mobilization effort, but this has become public this morning. Mr. Wilson agreed to accept the post only on condition that he would be directly responsible to the President and would in effect be both the Co-ordinator and the Director of the whole programme. He will thus assume the co-ordinating functions previously assigned to Mr. Symington, and in this roll will play much the same part as Mr. Byrnes[29] did in the latter part of the last war. What part is to be played by Mr. Symington and N.S.R.B. remains obscure for the present.

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[29] James F. Byrnes, directeur de l'Office of War Mobilization des États-Unis (avril 1943-avril 1945).
James F. Byrnes, Director of United States Office of War Mobilization (April 1943-April 1945).

822. DEA/10817-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3280 Washington, December 15, 1950

CONFIDENTIAL. IMMEDIATE.

PRESIDENT'S SPEECH THIS EVENING[30]

As of half past five we were informed by the White House that the President was still working on the text of his broadcast and that it would not be available for at least another hour and a half. As the President will be speaking at 10:30, I take it that there is now no particular purpose in trying to get the text in advance of delivery. I shall of course send you copies by bag for purposes of reference.

2. The White House source elaborated a little on the information which I gave you in my message WA-3264 this morning. He said that the references to wage and price controls will be in general terms. However, what is envisaged is the imposition of immediate and mandatory controls in selected fields and a request for voluntary cooperation for the observation of fair standards for the time being in prices and wages generally. The President will also indicate that mandatory controls will be extended. This, it was explained, will serve as a stick to help bring a greater amount of voluntary cooperation in keeping prices and wages down at present levels; it will also put the public on notice that mandatory controls are envisaged and will be instituted as and when the necessary administrative machinery is built up.

3. Mr. C.E. Wilson is to have the title of Director of Defence Mobilization.

823. DEA/10817-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3282 Washington, December 15, 1950

CONFIDENTIAL

Following for T.N. Beaupré, (copy to Harvey), Trade and Commerce, from English, Begins: In communication today at lunch H.B. McCoy, Deputy Adminis-

[30] Voir/See *Public Papers of the Presidents of the United States: Harry S. Truman 1950*, Document 303, pp. 741-746.

trator for Industry Operations, N.P.A., I was given the following confidential information on N.P.A. planning.

1. Consideration is currently being given to the early imposition of a wide range of end use restrictions for copper, tin and aluminum. Copper restriction is likely to be severe and include such items as copper tubing and flashing for housing.

2. No end use restrictions are contemplated for zinc or nickel at present but nickel in particular may be made subject to direct allocation.

3. Cobalt and cadmium are to be treated in much the same way as columbium and made subject to directive or allocation.

4. A controlled materials plan is under active consideration but unlikely to be effective until third quarter of 1951. Meanwhile it seems probable plate and steel sheet will be put under allocation by second quarter.

5. Horizontal domestic cut back in sulphur of 20-25 per cent is almost certain while European consumers are being urged to reactivate production from pyrites.

6. Construction, no decision has yet been taken but it is expected pressure will break in connection with plant construction required for extension of United States aluminum industry. At that time DO system may well be extended to cover construction. Meanwhile certain essential defense construction is being handled by directives, as for example, with synthetic rubber.

7. Steps are being taken to encourage Tungsten production in United States by contracts with small domestic producers. United States may be interested in reopening of Canadian property and this should be looked into with a view to a United States contract.

8. Mandatory reductions of from 10 to 15 per cent in automobile production is expected in first quarter. Ends.

824. DEA/10817-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3303 Washington, December 19, 1950

CONFIDENTIAL. IMPORTANT.

ECONOMIC AND INDUSTRIAL MOBILIZATION OF THE UNITED STATES

1. The President's broadcast Friday night was followed on Saturday by:

(a) The proclamation of the existence of a national emergency;

(b) The release from the White House of a long list of laws carrying extraordinary powers which automatically become effective upon signing of the declaration;

(c) The issuance of an executive order by the President establishing the Office of Defence Mobilization under Charles E. Wilson.

2. The texts of the proclamation, the release on the extraordinary powers and the Executive Order were printed in full on page 30 of the Sunday edition of the *New York Times*.

3. Under the Executive Order, the President has given Mr. Wilson unprecedented powers to direct the mobilization of this country. These powers are defined as follows: "The Director shall, on behalf of the President, direct, control and coordinate all mobilization activities of the Executive Branch of the Government, including but not limited to production, procurement, manpower, stabilization, and transport activities". This centralization of responsibility and authority goes beyond any powers granted during World War II.

4. A preliminary discussion on the relationship of these decisions of the United States Government to the *statement of principles for economic cooperation* to which you referred in your message EX-2561 of December 13th took place between Benninghoff and Ignatieff on Saturday.

5. As a result of a preliminary talk with the Embassy, Benninghoff had accompanied Stanley Woodward to the White House to have a talk with Charles Murphy, an Administrative Assistant to the President, about Canada-United States problems arising out of the declaration of a national emergency in the United States as well as on the St. Lawrence and the B.C. Alaska railway proposal on which I am reporting separately. Murphy had arranged for Benninghoff to see Valentine, Director of the Office of Economic Stabilization.

6. Following his talks with Murphy and Valentine, Benninghoff told Ignatieff that it would take some weeks before the extent of authority to be exercised by Wilson as well as the mobilization machinery will be clarified. The present picture, he admitted, was one of confusion, but bearing in mind Mr. Wilson's wide experience in this field during World War II, many far-reaching decisions could be expected within the next few weeks.

7. Benninghoff's talk with Valentine, he said, had been quite useful. Valentine was quick to realize the implications of the *statement of principles* with regard to his agency's activities. In this connection, the Commercial Counsellor's Office has been in close liaison with the Office of Price Stabilization in ESA since the 20th of November, and copies of its reports of trade and commerce on ESA have been forwarded to you. Valentine's suggestion that the establishment of some continuing machinery of consultation in Washington to coordinate economic stabilization and control measures between the two countries is to be welcomed in this connection. The question of a permanent Canadian liaison official attached to ESA as and when such became necessary had already been discussed with Mr. Phelps, the Deputy Director of Price Stabilization, with whom [G.A.] Browne is now holding twice-weekly talks. Valentine also spoke with admiration of the operations of Canada's WPTB during the last war and said that he was meeting with McCutcheon in New York on Monday to get from him at first hand a picture of the wartime operations of our Board. He said that he had hoped to have seen Mr. Donald Gordon as well but found that he was not available. Mr. Valentine also spoke with great admiration of Mr. Pearson who had been his contemporary at Oxford.

8. As regards defence production liaison, Benninghoff suggested that, for the present at least, liaison should be continued through General Harrison's office. He added the comment, however, that the flexibility which at present exists in the defence mobilization arrangements of the United States will gradually disappear in the course of the next three or four weeks as the Office of Defence Mobilization gets to work on the process of reorganization of the defence effort. He therefore suggested that it would be very desirable to establish continuing liaison with this office as soon as possible in order that Canadian interests should be constantly kept in mind as decisions are taken by this powerful body. He also expressed the opinion that the Canadian Government might find it useful to consider establishing a permanent office of liaison with the Office of Defence Mobilization to take effect within say a period of three or four weeks.

825. DEA/10817-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-2730 Ottawa, December 29, 1950

CONFIDENTIAL

Your WA-3303 of December 19 — economic and industrial mobilization of the United States.

In the last paragraph of your message you mention Benninghoff's suggestion that the Canadian Government might wish to establish a permanent liaison office with the Office of Defence Mobilization. We asked the Deputy Minister of Trade and Commerce for his comments on this suggestion.

2. Mr. Mackenzie commented as follows:

"Naturally we welcome the suggestion of the American authorities that we establish close liaison with the Economic Stabilization Agency and with the Office of Defence Mobilization and I am certain that we will wish to take advantage of these suggestions.

From the teletype it is apparent that the American position is still in a state of flux and that they have been able to make little progress with their actual organization. As a matter of fact, we find ourselves in much the same position. We have already given consideration to increasing our staff in Washington which of course brings up the problem of space. Nevertheless as is mentioned in the teletype, Mr. Browne, our Commercial Secretary has already established useful liaison with the Office of Price Stabilization in ESA and I am advised by Mr. English that steps have already been taken to make contact with Mr. Wilson's office as soon as he is prepared to enter into discussions with our people. I have asked Mr. English to come up to Ottawa during the first or second week of January so that we might have full discussions on these and allied problems and I would hope at that time

that we might arrive at some decisions which we could communicate to the Americans, and, in the meantime, I presume that the Commercial Counsellor's Office will be recognized as the normal point of contact until more permanent arrangements are made."

SECTION D

BASES DES ÉTATS-UNIS À TERRE-NEUVE
UNITED STATES BASES IN NEWFOUNDLAND

826. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Comité du Cabinet sur la défense

Memorandum from Secretary of State for External Affairs to Cabinet Defence Committee

CABINET DOCUMENT NO. D243 [Ottawa], April 22, 1950

SECRET

U.S. BASES IN NEWFOUNDLAND
SUMMARY OF RECOMMENDATIONS BY THE P.J.B.D.

The formal request to the United States for modification of the Bases Agreement with respect to Newfoundland bases proposed that the rights enjoyed by the U.S. there should be brought as nearly as possible into line with the joint defence statement issued by the two Governments on February 12, 1947.[31] In particular, the request to the U.S. referred to income tax exemptions, customs and excise tax exemptions, postal privileges, and jurisdictional rights enjoyed by the U.S. under the Bases Agreement. On the proposal of the U.S. authorities, the Canadian Government's request was referred to the Permanent Joint Board on Defence which held meetings thereon in January and March, 1950. Following is a brief summary of the recommendations of the Board (a fuller account is given in the attached memorandum):

1. *Income Taxes*: Since the Canadian Government's request was made to the U.S., a draft convention covering the avoidance of double taxation has been agreed to by officials of both Governments and will, when it becomes effective, accord certain privileges to U.S. Service personnel in Canada now granted under the Bases Agreement. The Board recommends that the U.S. waive exemptions on contractors' profits, U.S. civilian employees and their wives and minor children.

Comment: This will place income tax exemptions of U.S. personnel in Newfoundland on the same basis as in the rest of Canada.

2. *Customs and Excise*: The U.S. to waive exemptions on contractor-owned equipment, personal belongings and household effects of contractors and their U.S.

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[31] Voir *DREC*, volume 13, document 868./See *DCER*, Volume 13, Document 868.

employees other than on first arrival, and tax exemption rights on individual purchases in Canada by U.S. personnel.

Customs and excise exemptions for Post Exchanges and Service clubs to continue, it being understood that the U.S. authorities will endeavour to increase purchases for these institutions in Canada and will take special steps to prevent abuse of privileges.

Comment: With the exception of privileges for PX's and Service clubs, this recommendation in effect meets the Canadian Government's request.

3. *Postal Privileges*: Withdrawal of the Canadian Government's request for the removal of Army postal facilities in Newfoundland bases, it being understood that the U.S. will not establish normal civilian postal offices and will limit the use of the APO[32] system strictly to mail destined to U.S. territory or to other U.S. APO's.

4. *Jurisdiction*:

(i) The U.S. to waive all rights of jurisdiction permitted under the Bases Agreement over British subjects and aliens other than U.S. personnel;

(ii) The U.S. to suspend for five years exercise of rights of jurisdiction over U.S. civilian personnel, subject to revival on notice thereafter or in event of war or other emergency;

(iii) The Canadian Government to seek to amend the Visiting Forces Act to permit of compulsory attendance of witnesses;

(iv) The Canadian Government to seek legislation to protect security interests of the U.S. forces in Canada, as required under the Bases Agreement.

Comment: The Board's recommendation will permit of the extension of the Visiting Forces Act as revised to Newfoundland and will remove probably the most objectionable feature of the Bases Agreement, namely, the right of jurisdiction by U.S. courts over Canadian citizens. Revival of the rights of jurisdiction by U.S. Service courts over "followers of the camp" who are U.S. citizens can probably be met when the time comes, if ever.

5. *Goose Bay*: Since the present status of U.S. forces at Goose Bay is very anomalous and since the U.S. forces appear to desire permanent construction there for housing and other facilities which is apparently precluded under their Treasury regulations unless there is reasonable security of tenure, the Board recommends that the U.S. be given a twenty-year lease (with the option of renewal) to an area in the Base on which they can make the necessary construction, the U.S. forces to enjoy substantially the same privileges as in its Newfoundland bases, the administration and control of the base to remain under the RCAF.

[32] Army Post Office.

6. *Other Matters*: The attached memorandum outlines other matters in which the U.S. is prepared to, or may, accommodate us.[33]

ARNOLD D. P. HEENEY
for Secretary of State
for External Affairs

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note du sous-secrétaire d'État aux Affaires extérieures pour le Comité du Cabinet sur la défense

Memorandum from Under-Secretary of State for External Affairs to Cabinet Defence Committee

SECRET [Ottawa], April 20, 1950

UNITED STATES NEWFOUNDLAND BASES
RECOMMENDATION OF THE PERMANENT JOINT BOARD ON DEFENCE

There is given below an explanation of the Board's Recommendation which appears on pages 12-14 of the P.J.B.D. Minutes of March 28-30, 1950:†

Income Tax

The Canadian-U.S. Double Taxation Convention of 1942 exempts, on a reciprocal basis, U.S. Service and civilian personnel in Canada of the U.S. Government from Canadian taxation on remuneration paid by that Government.

Under the P.J.B.D. Recommendation, as already agreed by the taxation authorities of the two countries, this exemption would be extended to cover, on a reciprocal basis, U.S. Service and civilian personnel in Canada of the U.S. Government and their wives and minor children, with respect to all their income derived from outside Canada. These persons enjoy such an exemption at present under Article XVII of the Newfoundland Bases Agreement.[34]

Also, the income tax provisions of the Bases Agreement would be cancelled and U.S. civilian employees of contractors at the bases, their wives and minor children and contractors ordinarily resident in the U.S. (in respect of their profits from work at the bases) would lose the exemption from Canadian taxation accorded by the Bases Agreement. The foregoing would meet in full the Canadian request for modification of the income tax provisions of the Bases Agreement.

Customs/Excise

The P.J.B.D. Recommendation envisages:

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[33] Le 25 avril 1950, le Comité du Cabinet sur la défense a approuvé les grandes lignes des recommandations de la Commission permanente canado-américaine de défense sur l'accord des bases à Terre-Neuve. Le gouvernement a décidé de reporter son examen final des recommandations jusqu'à ce qu'il sache mieux quelle loi serait nécessaire.
On April 25, 1950, the Cabinet Defence Committee endorsed in general terms the P.J.B.D.'s recommendations on the Newfoundland Bases Agreement. The government decided to withhold final consideration of the recommendations until it had a better idea of the legislation that would be required.

[34] Voir Canada, *Recueil des traités*, 1941, N° 2./See Canada, *Treaty Series*, 1941, No. 2.

(1) Cancellation of the customs/excise exemptions accorded to contractor-owned equipment under Article XIV.

(2) Cancellation of any customs/excise exemptions accorded by Article XIV to personal belongings and household effects of contractors and their U.S. employees (after first arrival), and to purchases in Canada, outside the leased areas, by individual U.S. military and civilian personnel, or their families.

(3) Continuation of customs/excise-free PX's and canteens, for reasons of morale and as a high proportion of supplies for such institutions will be procured in Canada and special steps (e.g., cigarette rationing) are being taken to prevent abuse.

With the exception of the PX's, this portion of the Recommendation meets the original Canadian request.

Post Offices

For a variety of technical and morale reasons, the U.S. *Service* post offices at the Newfoundland bases (Article XVI permits *normal* U.S. post offices) would be retained on the understanding that (a) they will henceforth be used only for the purposes authorized by Article XVI (i.e., mail to post offices in U.S. territory and to U.S. Service post offices), and (b) date stamps used at the bases will (as at present) only show the Service post office number — not the location of the office.

Originally, Canada asked for replacement of military postal facilities by Canadian post offices. It appears clear that no U.S. civilian post offices will be established. As a result of (a) above, some increase in present Canadian postal facilities at the bases may prove necessary. Washington would be agreeable to Canadian Service postal facilities being established in the U.S. in an emergency.

Jurisdiction

The P.J.B.D. Recommendation envisages the following:

(1) Waiver for all time of U.S. rights of jurisdiction, under Article IV, over Canadian citizens, other British subjects and aliens who are not U.S. citizens connected with the bases.

(2) Suspension for five years, and thereafter subject to revival on six months notice, or in the event of war or other emergency, of U.S. rights of jurisdiction over U.S. civilians.

(3) Before extending the Visiting Forces Act to the Province of Newfoundland, Canada to make administrative arrangements with Newfoundland — similar to those with the other provinces — under which Canadian courts do not normally exercise jurisdiction over U.S. Service personnel, particularly in cases in which Canadian persons or properly are not affected.

(4) The Canadian Government to seek amendment of the Visiting Forces Act to provide for the compulsory attendance of witnesses before U.S. Service courts in Canada.

(5) The Canadian Government to seek legislation penalizing offences against the security of U.S. forces in Canada committed in Canada by any person other than U.S. Service personnel.

The jurisdiction portion of the Recommendation gives Canada substantially what it sought originally. The P.J.B.D. Journal makes it clear that it is desired that the U.S. seek reciprocal security legislation. As a result of Article V of the Bases Agreement, Canada is, in any case, under obligation to seek necessary legislation to ensure the security of U.S. operations in Newfoundland. (Further comment on the jurisdiction question is made in the attached paper).

Legislation to Implement Recommendation

Legislation will be required to implement the revised Double Taxation Convention referred to in the Recommendation. No legislation would appear to be required to cover the customs/excise privileges that would remain to the U.S. under the Recommendation since the customs/excise privileges accorded by the Bases Agreement were protected by recent legislation which authorized their continuation by regulations of the Governor-in-Council. It at present appears probable that continuation of U.S. Service post offices at the bases would not require new legislation. The question of the legislation that would be required to implement the jurisdiction portion of the Recommendation is dealt with in the attached paper.

OTHER RELEVANT RECOMMENDATIONS

Goose Bay

While the U.S. has been given no express undertaking permitting continued use of Goose for a specific period, U.S. forces have been there since 1941 and have not been asked to move out. In practice, the U.S. forces enjoy the same privileges as at the leased bases, although there appears to be no express legal authority for this except with respect to customs (the Newfoundland Government agreed to grant customs privileges as under the Bases Agreement up to the signature of a peace treaty with Germany). On the other hand, Article XIX of the Bases Agreement provides that "U.S. forces stationed or operating outside the Leased Areas under separate agreement ... shall be entitled to the same rights and enjoy the same status as U.S. forces stationed within the Leased Areas." Although neither the Canadian nor the Newfoundland Government appears to have admitted that this Article applies to Goose, although the U.S. has not formally argued that it does apply, and although there is no formal agreement permitting use of Goose for a specific period, the U.S. would obviously have some grounds for arguing that, in the absence of a clear declaration to the contrary, the Article does apply to Goose.

This situation is clearly unsatisfactory to both parties. Continuance of the U.S. forces at Goose without any agreement as to cut-off date and other matters will tend to create a vested interest there. Enjoyment of the privileges of the Bases Agreement without protest on our part tends to create a presumption that the Bases Agreement applies in this respect. From the U.S. point of view, uncertainty of tenure restricts U.S. expenditure there on permanent-type construction that is needed, and especially housing, since a U.S. Treasury ruling apparently precludes expenditure on new construction unless there is reasonable security of tenure.

With a view to clearing up the U.S. position at Goose and, in the expectation that an offer of a reasonable settlement regarding Goose might be some inducement to the U.S. Section to modify its previous firm stand against any modification of

the jurisdictional provisions of the Bases Agreement, the Canadian Section, after discussion with Mr. Pearson, Mr. Claxton and Mr. Bradley,[35] indicated at the last meeting of the Board that, provided a mutually satisfactory solution of the leased bases issue could be found, it would be prepared to recommend to the Canadian government a lease arrangement for a portion of Goose Air Base along the following lines:

(1) A lease to the U.S. for a period of twenty years, with an option for renewal, of a portion of the present base area large enough to accommodate U.S. military installations and housing;

(2) Continuation of customs/excise and postal privileges comparable to those enjoyed at U.S. Newfoundland bases;

(3) Jurisdiction at Goose to be covered by the Visiting Forces (USA) Act;

(4) The base to remain under the overall command and administrative control of the R.C.A.F.;

(5) All proposed U.S. construction to have the prior approval of the C.O., R.C.A.F. Station, Goose Bay;

(6) All proposed U.S. Service projects in Canada based in the U.S. area to have the prior approval of the Canadian Government.

The U.S. Section agreed to refer the proposal about Goose to the U.S. authorities with the suggestion that the two Air Forces explore it and make recommendations to the two Governments for a satisfactory agreement.

There would appear to be no doubt that the proposals about Goose were regarded by the U.S. Section as an important *quid pro quo* in return for concessions on jurisdiction.

U.S. Activities Outside the Leased Bases

At the P.J.B.D. meeting the U.S. Section undertook, at the request of the Canadian Section, to recommend that the Canadian Government be consulted regarding any U.S. Service activities of significance that it is proposed to conduct outside the island bases — in line with the principle that all such activities should be under the control of the Canadian Government.

Collection of Income Taxes

At the P.J.B.D. meeting, the U.S. Section agreed to take up with its Government the possibility of the U.S. authorities in Newfoundland making tax deductions at the source and providing payroll information with respect to employees taxable in Canada.

U.S. Contribution to Newfoundland Roads

While being exempt from registration and license fees and the gasoline tax, the U.S. operates twenty per cent of the motor vehicles in Newfoundland and the heavier vehicles are hard on the roads. At the P.J.B.D. meeting, at the request of the Newfoundland Attorney General who was present, the U.S. Section agreed to take

[35] F. Gordon Bradley, secrétaire d'État.
F. Gordon Bradley, Secretary of State.

up with its Government the possibility of its contributing, in some form or other, a reasonable share of the cost of road maintenance in Newfoundland. Contributions, if any, will probably be in kind rather than cash.

Unemployment Insurance at the Leased Bases

At the request of the Canadian Embassy, Washington has arranged for contractors at the bases to participate in the Canadian unemployment insurance scheme and plans to introduce legislation to permit the U.S. Government to bring all its own local employees in Canada under that scheme.

A.D.P. HEENEY

[PIÈCE JOINTE 2/ENCLOSURE 2]

Note supplémentaire

Supplementary Memorandum

SECRET [Ottawa], April 20, 1950

LEGISLATION TO CARRY OUT P.J.B.D. RECOMMENDATION ON U.S. JURISDICTIONAL RIGHTS IN NEWFOUNDLAND

1. This memorandum on the problems involved in implementing the P.J.B.D. Recommendation on U.S. jurisdiction in Newfoundland was prepared following a meeting attended by Mr. Claxton, Mr. Bradley and Mr. Pearson on April 18. The matter had previously been discussed at a meeting of officials of the Departments concerned.

(a) *Security Legislation*

2. The Recommendation includes the following:

> "(c) That the Canadian Government undertake to seek legislation to protect United States interests in security offences as envisaged by Article V of the Leased Bases Agreement".

The intention of the Board was that the Canadian Government seek legislation to provide for the prosecution in the Canadian courts of offences committed by any persons not members of the U.S. Forces in connection with the secrets of these Forces.

3. The Recommendation also called for the *waiver* for all time of the U.S. rights of jurisdiction over Canadian citizens, other British subjects and aliens who are not U.S. citizens connected with the bases and the *suspension* for an initial period of five years of U.S. rights of jurisdiction over U.S. civilians connected with the bases.

4. It is not clear whether the U.S. authorities would be willing to suspend their jurisdictional rights over security offences committed by U.S. civilians until our security legislation comes into force. They would probably state that the suspension of these rights could only become operative when Canadian legislation takes effect.

5. Article V of the Bases Agreement requires that Canada take such steps "as may from time to time be agreed to be necessary with a view to the enactment of legisla-

tion to ensure the adequate security and protection" of the U.S. Forces, their property and operations in Newfoundland. With the proposed reduction of U.S. jurisdictional rights in Newfoundland, the need for Canadian security legislation is increased as the U.S. Forces would be abandoning, in peacetime at least, their right to try even U.S. civilian nationals employed at the bases for security offences committed by them.

6. Any new security legislation, while primarily designed to meet the substantial security problems of the leased bases in Newfoundland, should perhaps apply uniformly throughout Canada and would thus afford protection to U.S. forces stationed elsewhere in Canada with the consent of the Canadian Government. Although the Recommendation mentions Article V of the Bases Agreement, which applies only to Newfoundland, this should probably be looked upon only as an illustration of the kind of legislation contemplated. It seems clear from the PJBD Journal that the Board had in mind legislation to cover security offences against the U.S. Forces committed anywhere in Canada. The Canadian Section of the Board also expressed the hope that the U.S. Government would seek reciprocal legislation with respect to security offences committed in the U.S. against Canadian forces.

7. It is considered that the new security legislation should not be proposed to Parliament as a bill to amend the Visiting Forces (U.S.A.) Act but should be submitted as a bill for a new Act, or for a new part to the Official Secrets Act. It might be introduced with an amendment to the Official Secrets Act (which appears to be called for to give it extra-territorial effect so that it will cover security offences committed by Canadian citizens at offices abroad) and perhaps made a part of general security legislation to cover the forces of North Atlantic Treaty countries stationed in Canada.

8. The new legislation would be confined to the security interests of Atlantic Treaty forces in Canada and would not be so wide as to cover all the security interests of these countries in Canada, such as the operations of their diplomatic missions.

9. It is desirable that the proposed legislation should, if possible, be made on a reciprocal basis so that when the measure is introduced in Parliament it could be announced that the U.S. Government had agreed to seek similar legislation to protect the security interests of Canadian forces stationed in the U.S. Should the U.S. Government be unwilling to seek reciprocal legislation we could not, of course, insist on reciprocity and expect the U.S. to implement the jurisdiction recommendation.

10. The acts which might be defined as offences should, it is considered, include the act of spying, which could be described somewhat along the lines of Section 3(1) of the Official Secrets Act; the act of wrongful communication of information by persons employed by or performing contracts for the U.S. Forces in Canada, along the lines of Section 4 of the Official Secrets Act; and the acts of unauthorized use of uniforms, forgery, personation, etc., as defined in Section 5. The phrase "useful to a foreign power" would have to be altered to read "useful to a foreign power other than the United States". Some of the definitions and procedural clauses of the Official Secrets Act might have to be adapted and incorporated in the bill for

a new Act, or referred to if the legislation is to form a new Part to the Official Secrets Act.

11. Instead of the phrase "for any purpose prejudicial to the safety or interests of the State", of the Official Secrets Act, a term such as "for any purpose prejudicial to the safety or interests of the United States forces" would have to be used. The burden of proof as to what constitutes a purpose prejudicial to the interests of the U.S. Forces should, it is thought, be left on the U.S. authorities, which would have to establish a case to the satisfaction of our courts.

12. It is suggested that the legal officers of the Departments concerned be instructed to prepare a draft of a Bill, bearing in mind the above paragraphs, which after approval by the Canadian authorities, should be shown to the U.S. authorities before being submitted to Parliament.

(b) *Compulsory Attendance of Witnesses*

13. The Recommendation contains the following paragraph:

> "(d) That the Canadian Government seek amendment to the Visiting Forces (U.S.A.) Act to provide for the compulsory attendance of witnesses required by U.S. Service courts."

The implementation of this should not present serious difficulty. Order-in-Council P.C. 9694 of December 20, 1943, on the legal position of U.S. forces in Canada in wartime, contained in Regulations 9 and 10 provisions for the compulsory attendance of witnesses at U.S. courts-martial by subpoenas issued by competent U.S. service officers. It is considered that subpoenas for this purpose should be issued by competent Canadian authorities, and not by U.S. officers, as well as served by peace officers. Provisions to this effect might suitably be inserted before the present Section 5 of the Visiting Forces Act.

(c) *Priority of Jurisdiction in Newfoundland*

14. The PJBD considered the form of a letter to be sent to the Government of Newfoundland to provide for priority of jurisdiction in practice for U.S. Service courts in the case of certain offences, as referred to in paragraph (b)(2) of the Recommendation on jurisdiction. The draft letter is as follows:

> "It is contemplated extending the Visiting Forces (U.S.A.) Act to the Province of Newfoundland, including the U.S. Leased Bases. Although the present Act does not interfere with the jurisdiction of Canadian courts and law enforcement authorities, it is the hope of the Government of Canada that those charged with law enforcement may rarely find it necessary to bring members of United States forces before Canadian courts. In particular, it is hoped that, when an offence is by its nature essentially prejudicial to the discipline of the United States Armed Forces, when an offence is committed within the Leased Areas, or when an offence involves only members of United States forces or only the property of the Government of the United States, the Canadian authorities will find it desirable to leave the wrong-doer to be dealt with by United States Service courts and authorities.

"I hope that your Government will bring the Act to the attention of law enforcement authorities. I should be glad to learn the views of your Government on the question discussed in the preceding paragraph."

This letter is based substantially on the communication sent to the Lieutenant-Governors of the nine provinces in July 1947 and should present no difficulty. At the PJBD meeting, the Attorney-General of Newfoundland indicated informally that its form was acceptable to him.

827. DEA/50195-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

DESPATCH 2710 Ottawa, September 13, 1950

TOP SECRET

STATIONING OF U.S.A.F. 43RD MEDIUM BOMBER GROUP AT GOOSE BAY

The following, for your information, is an account of the arrangements made in this connection last month with the United States Embassy in Ottawa.

2. On the afternoon of August 18, the United States Embassy enquired whether there would be any objection to the U.S.A.F.'s 43rd Medium Bomber Group, then understood to consist of sixty-five B-29's and B-50's, being moved to Goose Bay within the next two or three days for a six-week period of "routine training". Some 1400 personnel would be involved in this move. Also, as some of the bombers to be stationed at Goose Bay would be making landings at Harmon Air Force Base (the leased base at Stephenville, Newfoundland), an additional 850 personnel would be posted to the latter field. The U.S.A.F. had indicated that immediate Canadian approval was desired because certain reserve air transport personnel required to transfer the Group's equipment to Goose Bay would only be available during the following week.

3. The same afternoon, a message† was received by the R.C.A.F. from Air Vice Marshal Campbell indicating that the U.S. Joint Chiefs of Staff had decided to approve despatch of the Group as recently as the previous day. In the circumstances, while the State Department had been informed only that the Group would be engaged in routine training, the impression was at once gained in Ottawa that the main purpose of the move was to deploy the aircraft to Labrador against a possible general emergency.

4. The matter was raised in Cabinet which was meeting at the time and, later in the afternoon, with Mr. Claxton's approval, the United States Embassy was informed orally that "the U.S.A.F. had explained to the R.C.A.F. the object of the move and that, in the circumstances, it had been approved for a six-week period".

5. On August 19, the Chief of the Air Staff received a further message† from Air Vice Marshal Campbell quoting a letter he had received from General Walsh, U.S.A.F. member, Permanent Joint Board on Defence. This letter contained additional information. It explained that the 43rd Bomber Group, which comprised 45 aircraft, would be accompanied by a tanker squadron of 20 planes and that the airlift to Goose Bay and Harmon of the necessary personnel and equipment would be carried out by some eighty C-46 Commando aircraft. It stated that the bombers would be stationed in Labrador for six weeks "for familiarization of the area northeast of Goose Bay" and that "flying will accordingly be primarily in that area."

6. General Walsh's letter also quoted the following portion of a paper on which the U.S. Joint Chiefs of Staff had based their decision:

> "Recent Joint Chiefs of Staff decisions have committed a considerable portion of the Department of Defence airlift to the Far East. Joint Chiefs of Staff decisions have authorized certain Strategic Air Command deployment to the Far East and United Kingdom. The commitment of airlift has been so extensive that, in the event of a general emergency, Strategic Air Command deployments under current war plans would be dangerously delayed. General LeMay[36] has, therefore, requested that the Forty-Third Bomb Group and two tanker squadrons be rotated to Goose Bay commencing 24 August, 1950."

It is therefore not improbable that the United States authorities will ask permission to leave these aircraft at Goose Bay for a further period.

7. I should appreciate it if this despatch were not shown to the Canadian Joint Staff since a copy of the signal giving the text of General Walsh's letter was given to an officer of this Department on a personal basis. Incidentally, the fact that some of the most important information regarding this proposal was given to Ottawa through Service channels — combined with a statement by an officer of the U.S. Embassy on August 18 that the U.S.A.F. had proved unwilling to provide the Canadian Desk of the State Department with some of the further information we had requested on receiving the proposal — would seem to suggest that at least some in the U.S.A.F. are reluctant to trust the State Department with details of plans for the deployment of Strategic Air Command units.

828. DEA/50195-40

Note de la Direction de liaison avec la Défense

Memorandum by Defence Liaison Division

TOP SECRET [Ottawa], October 6, 1950

STRATEGIC AIR COMMAND PLANS AFFECTING CANADA

1. It will be recalled that, at the urgent request of the U.S. Joint Chiefs of Staff, authority was given on August 18 for the immediate movement to Goose Bay, for a

[36] Le lieutenant-général Curtis E. LeMay, commandant en chef du Commandement aérien stratégique. Lieutenant-General Curtis E. LeMay, Commander-in-Chief, Strategic Air Command.

6-week period, of the 43rd Medium Bomber Group of the USAF's Strategic Air Command (45 B-29's and B-50's and 20 tanker aircraft). This entailed the movement of some 1400 USAF personnel to Goose and 850 to Harmon A.F.B. (the leased base at Stephenville) at which landings were to be made during the period of training at Goose.

2. It was made clear at the time that the object of this move was to have the Group deployed against a general emergency, although it is understood that no "special" weapons were moved to Goose. Prior to the Permanent Joint Board on Defence meeting on October 2-5, it was, therefore, believed probable in Ottawa that Washington would be requesting permission for the 43rd Bomber Group to remain at, or return shortly to, Goose for a further period, but nothing was known in Ottawa of any plans the U.S. authorities might be preparing for the basing or staging of strategic bombers in Canada in peace or war. Incidentally, the 43rd Group returned to the U.S. last week because there are no buildings to house it at Goose and it could not remain there under canvas at this season.

3. During this week's meeting of the Joint Defence Board, the U.S. Section initiated a lengthy off-the-record discussion of:

(1) certain construction that the USAF wishes to carry out urgently this fall at Goose, so that it may be physically possible for SAC bombers to return there before the end of the year;

(2) the problem, in the immediate future, of obtaining Canadian permission for the stationing of Bomber Groups from time to time at Goose Bay without unduly jeopardizing the security of the plans of the Strategic Air Command;

(3) proposals for the deployment of SAC bombers to various parts of the world which are presently under consideration in Washington and appear likely to lead to an early high-level approach for permission for the Strategic Air Command to put Goose Bay and to some extent Harmon (and possibly Gander) to certain uses in the present situation and in any general emergency.

4. To deal first with the third point, on the first day of the Joint Defence Board meeting, Major General W.C. Sweeney, in charge of plans at Strategic Air Command, gave the Board a remarkably full and frank briefing on present thinking in the USAF with regard to the employment of the Strategic Air Command.

5. Following is a brief outline of his thesis. The timing of the first retaliatory blow in any strategic air warfare will be crucial. It is essential for the SAC aircraft to be deployed and completely ready for action at appropriate bases, and to be free to pass through advance bases, so that they may discharge their mission promptly and also avoid being caught on the ground where they would be high priority targets.

6. The principal Soviet targets are in the Urals, the Moscow-Leningrad area, and the Don basin. Present and potential USAF bases in Western Europe, North Africa and the Western Pacific are considered too vulnerable (owing to their proximity to the U.S.S.R.) to initial Soviet strategic bombing for the USAF to risk basing any appreciable number of strategic bombers there in peacetime against an emergency. It is therefore considered that the bulk of the SAC bombers should be based within the defence system of this continent at points as near as possible to the Soviet

targets. As regards suitable existing bases on this continent, it is estimated that, from Goose and Harmon 75 to 100 percent of the targets could be reached; from Eileson (Fairbanks), Alaska, and Limestone, Maine, 50 to 75 percent; and from bases further south in the States, 25 to 50 percent. Eileson is considered unsuitable as an SAC peacetime base as being too vulnerable to Soviet bombing and requiring flights over extensive areas of the Arctic. Bases further north in Canada are considered impracticable from the point of view of supply.

7. Thus, according to present USAF thinking, Goose would be the principal SAC advance assault base and the greatest importance therefore is attached to Strategic Air Command being able to station SAC bombers there in peacetime, and, in war, to stage large numbers of aircraft through Goose in an emergency, as a final fuelling and supply point. Some 250 would have to pass through on the first retaliatory attack. It would also be desired to use Harmon for the basing of tanker aircraft, and some limited use of Gander is also a possibility.

8. The principal requirements for implementation of any such plans at Goose would be the construction of additional personnel accommodation and storage facilities for fuel, munitions and other supplies, and the creation of adequate air and sea defences. The U.S. would apparently be prepared to assume the responsibility for providing the installations and manpower required.

9. While it appears that the President and the U.S. Joint Chiefs of Staff have approved broad principles for the employment of Strategic Air Command, it was indicated by the U.S. Section of the Joint Defence Board that the detailed plans for the deployment of SAC bombers and munitions to Canada still required approval at the highest levels in Washington. It was inferred, however, that proposals substantially similar to the plans outlined in paras. 5-8 above would very probably be made to the Canadian Government at a high level in the near future.

10. The U.S. Chairman suggested that the NATO Defence Committee's action in approving, in December 1949, a Strategic Concept for the defence of the North Atlantic area, appeared to constitute approval by the Canadian Government of the use of bases in Canada for strategic bombing, and also referred to the fact that the Newfoundland Bases Agreement does not specifically limit the types of military activities that may be carried out at Harmon (or the other leased bases). Following is the extract from the approved Strategic Concept to which the U.S. Chairman referred:

"IV. MILITARY MEASURES TO IMPLEMENT DEFENSE CONCEPT

Basic Undertakings

7. Over-all defense must provide in advance of war emergency, specifically for the following basic undertakings in furtherance of the common objective to defend the North Atlantic area. The successful conduct of these undertakings should be assured by close coordination of military action as set forth in over-all plans.

(a) Insure the ability to carry out strategic bombing promptly by all means possible with all types of weapons, without exception. This is primarily a U.S. responsibility assisted as practicable by other nations."

11. The Canadian Section indicated that it was not aware of any specific NATO arrangement which would constitute definitive approval of the use of Goose or Harmon by the Strategic Air Command, and that, whatever the terms of the Newfoundland Bases Agreement, the Canadian Government would be certain to feel that it would have to approve any SAC use of bases in Canada. It has since been learned in Ottawa that, before the Strategic Concept was approved, Canadian officials enquired whether the U.S. would require SAC bases in Canada and were informed that it would not. In any case agreement on a strategic concept which merely served as a basis for NATO Planning, could hardly be taken as committing Governments to specific projects before they were embodied in approved joint plans.

12. Apparently SAC considered it necessary to give the Canadian Section such a frank briefing on its plans because it felt that its requests with regard to the matters mentioned in para. 3 (1) and (2) above might otherwise be rejected by the Canadian Government. The questions will be dealt with in letters to the Secretary, Chiefs of Staff Committee.

C.C. EBERTS

October 17, 1950

The U.S. Section's requests with regard to the matters dealt with in para. 3 (1) and (2) above are reported in our two letters, of October 11† and October 17,† to Secretary, C.S.C.

C.C. E[BERTS]

829. PCO

Note du ministre de la Défense nationale pour le Cabinet

Memorandum from Minister of National Defence to Cabinet

CABINET DOCUMENT NO. 241-50 [Ottawa], October 24, 1950

TOP SECRET

RE DEFENCE DEPUTIES, OCTOBER 23, 1950
CHIEFS OF STAFF, OCTOBER 24, 1950
DEFENCE MINISTERS, OCTOBER 28, 1950

(A) *Canadian Army Special Force*

1. Hostilities are practically over in Korea and an immediate decision has to be made as to the disposition of the Canadian Army Special Force. This was to have moved to Fort Lewis for embarkation on November 23 en route for Okinawa to complete unit training there. We have already agreed with the United States authorities that if the force or any part of it is to go to Korea, it should go direct, saving the considerable expense of putting a camp in shape at Okinawa. The question has

arisen as to whether the whole or any part of the force should go to Korea to police the country while order is being restored.

2. General MacArthur intends to remove a considerable proportion of United States troops within the next two months, leaving a relatively small occupation force. United Nations and United States authorities keenly desire that the occupying force should be representative of nations in addition to the United States. In Korea already are forces of the United Kingdom, Australia, Turkey and ambulance teams from India and Sweden. Troops from the Philippines and Thailand are expected to proceed to Korea.

3. If Canadian troops are required for pacification duties, it is recommended that in addition to the advance party of 345 en route now we should sent a battalion of about 1,000 officers and men (or its equivalent) with additional supporting personnel totalling about a hundred. These would either embark as planned on November 23 or later. For this purpose one of the existing second battalions would be detailed. Service authorities advise against asking for volunteers from the whole force as the unit composed in this way would have to be given additional training in Canada in order to enable it to act as a unit.

4. The remainder of the Special Force would not move to Fort Lewis, near Seattle.

5. To maintain discipline and morale it is essential that we should announce now our intentions with regard to this force. Its training has been pressed forward so fast and so far that it is desirable that the force and reinforcement stream should proceed now to company, battalion and brigade training. This cannot be done in Canada in winter except with a great expenditure of money, time and effort.

6. Assuming one battalion goes to Korea, the alternatives for the remainder of the force are:

(a) Either to keep the remainder or a large part of it in Canada. This would give rise to serious accommodation problems and disciplinary difficulties.

(b) To have the remainder or a considerable part of it go to Europe as part of the integrated force as soon as this is organized. We have learned that in all probability the first of the additional divisions the U.S. will send will only be ready to move about March. Until then the integrated force will consist largely of the present U.S. two divisions in West Germany and the U.K. two divisions with supporting elements.

(c) To have the remainder proceed much as planned for embarkation for Korea but go to Alabama instead to complete its unit training. The U.S. is not enthusiastic about this because of the overcrowded conditions of their own training centres. However, preliminary and confidential discussions indicate that the U.S. would cooperate.

7. In order that movement arrangements can be made, equipment provided, leave arranged for, etc., it is of the utmost urgency that a decision be reached adopting one of these three courses.

8. In a matter of months the members of the Special Force should be individually canvassed to re-engage for the active force, the only substantial difference being

the increase from the term of engagement from eighteen months to three years. The effect of making this change could be good provided a sufficient number did. It is felt that the approach should not be made until the men have got accustomed to the new role for the force.

(B) *Goose Bay*

9. Acceleration of the expanded U.S. programme has led them to approach us with a view to a considerable expansion of facilities and accommodation at Goose Bay. The base there was leased to Canada by the U.K. Government for Newfoundland in 1944 for a term of 99 years and is entirely under Canadian control. A large part of the expenditure on this to date has been made by Canada. At the present time there are on the base the following:

Canadian Services	353
Canadian Civilians, D.N.D.	172
Canadian Civilians, D.O.T. and others	110
Canadian Civilians, U.S.A.F. (as of June 30)	476
Total Canadians	1,111
U.S. Services (as of June 30)	753

10. In negotiating adjustments in the Newfoundland leased base agreements with the U.S., it was agreed, with Cabinet approval, in consideration of the U.S. giving up certain rights in the bases under lease to them, that we would give the U.S. a twenty-five year lease to part of the Goose Bay base for the construction of additional accommodation, particularly married quarters. It is understood this arrangement has been accepted by the President and State Department as well as by service heads in the U.S., and a detailed agreement is being worked out.

11. Now the U.S. have asked to be allowed to increase accommodation for up to 4,000 men, largely of a temporary nature, part of which would be in a separate area of something less than one-quarter of a square mile.

12. The U.S. authorities also contemplate establishing a number of additional radar stations, etc., on the coast of Labrador. These would supplement and fit into other chains and would add greatly to the defences of the industrial centres of Canada and the U.S. They would involve large expenditures on construction, transportation and equipment, as well as considerable manpower. The U.S. is prepared to meet these additional costs as well as others incidental to this expansion.

13. There can be no doubt that this expansion is justified, indeed essential, from the point of view of the defence of this continent as well as in the overall strategy. It is something which, if we had the resources, we would want to do ourselves. It is, however, quite beyond the resources of Canada to undertake this and, moreover, a large part of the whole operation would have to be American in any event in view of their strategic position and role.

14. Under the arrangements proposed by the U.S., they would bear the expenses and provide the manpower now contemplated. Undoubtedly the operations will require considerable additions to our own requirements for construction, men and materials. Although it has not been mentioned by the U.S., the establishment would certainly involve fighter protection by a squadron or more and also anti-aircraft defence. While the fighter squadron might be U.S., it is believed that the Canadian

people would expect that ground troops defending the soil of Canada should be Canadian. We have stored at Goose Bay the guns of a heavy anti-aircraft battery. It would probably be necessary to provide guns we have stored in Montreal for another battery and to have at Goose Bay the officers and men of one anti-aircraft battery ready for instant action. The crew for the other battery could be flown in immediately by air. These could be provided from the Regiment at Picton in rotation without additional manpower or equipment requirements but with provision of additional accommodation.

15. Goose Bay at present is used by 60 trans-Atlantic civilian aircraft per month. T.C.A. use it regularly on schedule for 12 flights per month, the remainder being alternative landings when other airports are not available due to weather. In the spring the number of landings and take-offs at Goose increases to a figure of 712 per month. The runways at Gander are not strong enough to take heavy aircraft in spring. Strengthening and improving the runways at Gander is part of the programme of D.O.T., but not yet provided for in estimates. This development was regarded by D.O.T. and D.N.D. as a matter of high priority even before the present approach was made. While the U.S. has not indicated that the proposed expansion of Goose would curtail civilian traffic, that would be a reasonable conclusion. It might result in Goose being closed to all except emergency landings. This would only be possible if the work at Gander were proceeded with.

16. General McNaughton, Chairman of the Canadian Section of the Permanent Joint Board on Defence, strongly recommends agreement to the U.S. proposals as being an essential part of our joint defence structure. The same view is taken by the Canadian Chiefs of Staff.

17. I am sure that we cannot anticipate now all the implications of this very important proposal. However, some have been indicated and they are serious enough. This notwithstanding, I do not see how we can adopt any other course and recommend my being authorized to advise the U.S. that we will permit the expansion to go forward along the lines of the existing and proposed arrangements, as well as those additional features outlined here.

(C) *Equipment for NAT*

18. Our offer to transfer the armament of a division to one of the European countries has been considered by the Standing Group who recommend that it be shipped to The Netherlands which has been particularly pressing for it. (Belgium and France also made enquiries.) This advice coincides with the view of the services and myself. In anticipation, we have packed the equipment and it is ready for shipment from Montreal immediately. The Netherlands would pay the cost of shipping. Cabinet Defence Committee has recommended that this equipment should move to The Netherlands without delay.

19. We have made enquiries as to the possibility of replacing this equipment from the U.S. The U.S. would be prepared to give us priority above that of other NAT countries or National Guard divisions. The equipment, including some additional items such as new tanks for an infantry division, would cost approximately $39,000,000 which is not far off the estimate given to the Cabinet. Very little of this could be made in Canada without great delay and at very much higher cost. How-

ever, we should explore further the possibility of making part of this equipment in Canada for our own use and also for delivery to NAT countries out of the $300,000,000 vote.

20. The Cabinet Defence Committee recommends that we at once arrange to purchase such of this equipment from the United States as we cannot economically manufacture in Canada and meet the cost of the U.S. equipment needed to replace that shipped out of the $300,000,000 vote. The question arises as to whether we should accept the U.S. offer to transfer the additional equipment needed for a division on their scales, and pay for this out of the $300,000,000 vote also.

21. As soon as satisfactory arrangements have been made for re-supply, we could then proceed to arrange for the delivery of a second division's equipment and its replacement.

(D) *North Atlantic Treaty Organization*

22. My reports to the Cabinet and the more recent statements by Mr. Pearson indicate our dissatisfaction with the organization under the North Atlantic Treaty. This particularly relates to the existence of separate bodies of ministers — the Council of Foreign Ministers, the Committee of Defence Ministers, a Committee of Finance Ministers — the organization into five regional groups, each with a complicated structure, the Military Committee of Chiefs of Staff, to which the Standing Group of the representatives of the Chiefs of Staff of France, the U.K. and U.S. are nominally responsible and finally, the Supply and Finance Organization. The unsatisfactory working of this machinery led to the institution of Deputies of the Council of Foreign Ministers, which have been meeting and working well under the chairmanship of Mr. Spofford.

23. I raised at Paris and The Hague and Mr. Pearson at London and Paris the possibility of streamlining this machinery of which everyone was critical. It now appears as if most of the countries feel that something should be done.

24. This is obviously a matter which must be worked out in discussion and probably by stages. If authorized, I would propose to support the idea that the organization should consist of:

(a) a single council of ministers who would be representatives of governments, which would be attended by Foreign Ministers, Defence Ministers or Finance Ministers or by one representing the others or by their representatives as convenient;

(b) a committee of deputies responsible to the council.

While it would probably be undesirable to abolish the other committees, we could see how we could get along without their meeting.

25. Similar streamlining would be suggested on the military side and is currently being examined by the Military Committee now sitting in Washington.

26. If authorized and the opportunity presented itself, I would put forward suggestions along these lines as they might be modified in detail in consequence of discussions at Washington.

(E) *Germany*

27. At New York the U.S. raised and strongly urged that Western Germany be progressively rearmed. The military situation is such that without this the defence of Western Europe is a virtual impossibility. France has up to this date resisted this idea in its entirety. However, observers believe that in the long run France will accept it.

28. In my view this is a matter which is of primary concern to the countries more immediately affected and while we should if necessary, and it appears then to be desirable, support the idea of encouraging the establishment and arming of units of Western Germans under the command of the occupying forces, this should not be actively pressed by us and we should not take an active part in the discussion.

[BROOKE CLAXTON]

830. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], October 25, 1950

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NATIONAL DEFENCE; GOOSE BAY

8. *The Minister of National Defence* reported that acceleration of the U.S. defence programme had led U.S. authorities to approach the Canadian Government with a view to considerable expansion of their facilities and accommodation at Goose Gay.

In negotiating adjustments in the Newfoundland Leased Bases Agreements with the United States, it had been agreed, with Cabinet approval, that in consideration of the United States giving up certain rights in the bases under lease to them, we would give the United States a twenty-year lease to part of the Goose Bay base for the construction of additional accommodation, particularly married quarters. Now the U.S. Government had asked to be allowed to provide increased accommodation, largely of a temporary nature, for up to 4,000 men, and to establish a number of additional radar stations, etc. on the Labrador coast. The U.S. Government was prepared to meet the additional costs incidental to this expansion.

No further rights would be granted to the American troops with respect to these latter installations than the limited rights they were granted at such places as Churchill. It appeared that, under American law, Canadian Special Force personnel training in the United States would have greater privileges than Canada afforded Americans in the same circumstances.

There was no doubt that the expansion was essential from the point of view of the defence of this continent as well as in the overall strategy. A large part of the operation was necessarily American in view of their strategic position and role, and furthermore was quite beyond Canadian resources.

9. *Mr. Claxton* said that Goose Bay at present was used by sixty trans-Atlantic civilian aircraft per month. Trans Canada Air Lines used it regularly for twelve scheduled flights per month; the remainder being alternative landings when other airports were not available due to weather. In the spring the number of landings and take-offs at Goose increased to 712 per month, largely due to the fact that the runways at Gander were not strong enough to take heavy aircraft at that time of year. Strengthening and improving the runways at Gander was a part of the programme of the Department of Transport. It was anticipated that the expansion of Goose Bay might make it necessary to curtail civilian traffic to emergency landings. This would only be possible if the work at Gander were proceeded with but it did not appear that this would be feasible before the spring.

(Minister's memorandum, Oct. 24, 1950 — Cab. Doc. 241-50).

10. *The Secretary of State for External Affairs* suggested that the Canadian position might appear anomalous to some extent. At the same time as expansion of American military activity on Canadian soil was permitted, Canadian troops might be sent out of the country to participate in an integrated force in Europe. It might be asked if we could not assume additional commitments in Canada by curtailing our commitments abroad. If for instance we were prepared to send five fighter squadrons to Europe, might not one be made available for Goose Bay?

11. *The Minister of National Health and Welfare* suggested that it might be difficult to explain to the public why we were prepared to rearm Western Europe to the extent of $300 million when we were prepared to have the Americans assume additional military commitments on Canadian soil.

12. *The Prime Minister* said that in making the arrangements with the United States we should be careful to reserve our position as much as possible. It might be pointed out to them that the fighter squadron at Goose Bay could be provided by Canada or the United States, whichever seemed most desirable at the time. We were, however, engaged in a collective effort and, in order for it to be effective, each country should do, as much as possible, the sort of thing it was best suited for. The role of strategic bombing, in which the proposed expansion of Goose Bay would play an essential part, was one that could only be filled by the United States.

13. *The Cabinet*, after discussion, agreed that the Minister of National Defence be authorized to advise the U.S. Government that the Canadian Government would be prepared to permit the expansion of U.S. facilities for Goose Bay along the suggested lines, with the extent of Canadian participation to be fixed at a later date.

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831. DEA/50195-40

Le sous-secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Under-Secretary of State for External Affairs
to Ambassador in United States

LETTER NO. D-3376 Ottawa, October 25, 1950

TOP SECRET

Reference: WA-2411 of October 6† and your despatch 2558 of October 14.†

PROPOSED U.S. STRATEGIC AIR COMMAND PROJECTS AT GOOSE BAY

1. Your communications under reference indicated that the USAF wishes to undertake the immediate construction at Goose Bay of:

(1) 8 storage buildings, and certain specific related facilities, at a site to be agreed upon by the local Canadian and U.S. Commanders, on the understanding that approval of this project "will not confer on the U.S. any interest in or title to the land involved;"

(2) 20 Troop accommodation buildings and 20,000 square feet of warehousing — all of a prefabricated and temporary type — on the understanding that approval of these projects "will confer no rights or interest in the land and that the buildings will be removed upon request."

2. These requests were first raised at the meeting of the Permanent Joint Board on Defence on October 2-5 when, by way of explanation, the plans of Strategic Air Command, U.S.A.F., were outlined in some detail by a S.A.C. General. It was indicated to the Canadian Section that the U.S. Government will, in a few weeks' time, be making proposals at a high level for the use of Goose Bay, in peace-time and in any general emergency, as the principal advance base for Strategic Air Command. It was also stated that these proposals might include a request for the limited use of Harmon Field (the leased base at Stephenville) and, possibly, Gander in this connection. When he sees you this week, Mr. Heeney will be able to explain more fully why the USAF is interested in Strategic Air Command having the use of these bases and the general nature of the proposals that the U.S. Government is expected to make in the near future. Incidentally, Messrs. Benninghoff and Wyght of the Canadian desk at the State Department were present at the PJBD meeting and are therefore quite familiar with the whole subject.

3. Mr. Claxton and the Prime Minister have given some consideration to the proposals discussed in a preliminary way by the PJBD and are understood to be prepared to give sympathetic consideration to Washington's proposals when they are received. I imagine that, in the event of approval of any proposals that are forthcoming, we will have to give the U.S. authorities a detailed document setting forth very clearly the circumstances in which operations from these bases may commence in the event of an emergency. We will also want to ensure that Strategic Air Command will not have access to the bases indefinitely and that Canada will not

have to make crippling payments in order to liquidate the USAF interest in installations at Goose Bay and Gander.

4. You will recall from our despatch No. D2710 of September 13 that, on August 18, the USAF's 43rd Medium Bomber Group (B-29s, and B-50s) was permitted to move to Goose Bay for a 6-week period as a precautionary measure. This Group, which was living under canvas at Goose, had to return to the U.S. at the end of September. At the recent PJBD meeting, it was indicated that the various buildings mentioned in paragraph No. 1 above were required urgently because the U.S. Government would in due course be asking permission to deploy a Bomber Group to Goose Bay by the end of the year.

5. I should be grateful if you would inform the State Department that the requests for immediate construction of the storage buildings and related facilities, troop housing and warehousing at Goose Bay have been approved subject to the conditions stipulated by the U.S. authorities (paragraph No. 1 above) and to the following understandings:

(a) that there will be no storage of special weapons at Goose without the express approval of the Canadian Government;

(b) that the period during which the storage buildings, troop housing and warehousing, which are all understood to be required for the purposes of Strategic Air Command, may remain at Goose is a matter for subsequent consideration;

(c) the sites for the troop housing and warehousing will be subject to agreement between the Canadian and U.S. Commanding Officers at Goose Bay.

6. At the request of the U.S. Section, PJBD, information on all aspects of Strategic Air Command's interest in Goose Bay and the other bases is being kept in just as few hands as possible here and papers on the matter are being held in a safe. I think it might be useful if further correspondence on the subject between the Department and the Embassy took the form, whenever possible, of numbered letters in envelopes marked "To be opened only by ..." (Mr. Wrong or Mr. Heeney as the case may be).[37]

R.A. MacKay
for Under-Secretary of State
for External Affairs

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[37] Avec l'approbation de M. Pearson, un brouillon de cette lettre a été envoyé à Washington sous forme de pièce jointe à la lettre D-3254 du 27 octobre 1950† afin que M. Claxton, qui assistait aux réunions du Comité de la défense de l'OTAN, puisse être consulté sur les conditions figurant au paragraphe 5. Après l'approbation du texte, l'original, daté du 25 octobre 1950, a été retourné à Ottawa et envoyé à l'ambassadeur à Washington.
With Pearson's agreement, a draft of this letter was sent to Washington as an enclosure to letter D-3254 of October 27, 1950† in order that Claxton, who was attending the NATO Defence Committee meetings, could be consulted on the conditions set out in paragraph 5. After the text was approved, the original was returned to Ottawa, dated October 25, 1950 and sent to the Ambassador in Washington.

832. DEA/50195-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2758 Washington, October 31, 1950

TOP SECRET. IMPORTANT.

Following for Reid from Wrong, Begins: Reference letter D-3254 of October 27,† Goose Bay. After clearing paragraph 5 with Mr. Claxton, Benninghoff was informed of its contents today.

2. He saw no objection to the additional understandings proposed, but made the comment that understanding (b) and (c) in paragraph 5 might have to be reconsidered in the light of the Goose Bay lease agreement now under negotiation. He emphasized that he was speaking purely personally in expressing the opinion that the formalization of the arrangements concerning additional construction at Goose Bay should be related to the lease agreement.

3. I note that in paragraph 3 you say that, in the event that the proposals are agreed to by the Prime Minister and Mr. Claxton, it would be necessary to give the U.S. authorities a detailed document. This, I assume, would initiate an exchange of notes between the Canadian and United States Governments. I take Benninghoff's comment to mean that, in his opinion, it might be better to have the lease negotiations concluded before such an exchange of notes takes place, although, if agreeable, arrangements could be proceeded with on an informal basis.

4. The talk with Benninghoff did not go beyond informing him of the contents of paragraph 5, which he undertook to transmit personally to General Walsh, who, you will recall, initiated the correspondence in a letter which was transmitted to you in my WA-2411 of October 6.† Ends.

833. DEA/50220-40

Note de la Direction de liaison avec la Défense
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Defence Liaison Division
to Under-Secretary of State for External Affairs

SECRET Ottawa, November 11, 1950

DUMPING OF BOMBS BY U.S. PLANE

1. The attached CP despatch from the [Montreal] *Gazette*[38] gives an account of a U.S. plane dumping 500-lb. bombs in the St. Lawrence on a training flight from

[38] Le 11 novembre 1950, p.1./November 11, 1950, p.1.

Goose Bay to Tucson, Arizona. The despatch indicates that a plane got into difficulty and found it necessary to dump its bombs. Considerable alarm was caused in villages nearby.

2. So far as we can discover, we have not authorized the United States to carry live bombs over Canadian territory, with the exception of flights on practice bombing in the bombing area off Argentia. We have authorized training flights by Strategic Air Command, but no suggestion was made in the request to us that live bombs would be carried. Our authorization is contained in Telegram No. EX-1089 of July 7 to Washington.[39]

3. It is suggested that we should demand an immediate explanation from the United States, and that we should enquire on what authority live bombs were being carried, and whether this has occurred previously. It is further suggested that the United States Ambassador should be called in either by yourself or Mr. Claxton, and that it should be indicated to him that we view the incident with great concern. The following questions might be put to him:

(1) We want a full and immediate explanation of the incident.

(2) By what authority were live bombs being carried over Canadian territory on this flight?

(3) How many planes were on the flight?

(4) How many planes on the flight were carrying live bombs, and what types of bombs were they carrying?

(5) Apart from bombing flights for purposes of practice bombing in approved areas off Argentia, have United States planes been carrying live bombs over Canadian territory on previous occasions, and if so, on what occasions?

834. PCO/Vol. 204

Note du ministère des Affaires extérieures
pour le Comité sur les aspects économiques des questions de la défense

Memorandum from Department of External Affairs
to Panel on Economic Aspects of Defence Questions

TOP SECRET [Ottawa], November 13, 1950

PROVISION AND CONTROL OF NEW U.S. MILITARY INSTALLATIONS IN CANADA[40]

1. During the war, the U.S. Forces were permitted to construct, at their own expense and very largely with U.S. manpower, a number of installations in Canada, principally air, weather and communications stations — including operations,

[39] Voir le document 843./See Document 843.

[40] Le document contenait la note infrapaginale suivante:/The document contained the following footnote:

This memorandum does not take into account the U.S. leased bases on the Island of Newfoundland.

administration and accommodation buildings of both semi-permanent and temporary types as well as equipment. One result of this policy was that Canada had no semblance of effective control over a number of these installations during the war period. A second result was that, towards the end of the war, the Canadian Government had to pay the U.S. Government large sums for these installations in order to avoid any U.S. claim to use or control of them in peacetime.

2. Since the war, the Canadian authorities have taken over all of the exclusively U.S. military establishments in Canada except a USAF weather station at Padloping Island, N.W.T., and 3 Coast Guard-operated Loran stations in the Province of Newfoundland. In connection with the defence of this continent and the support of forces in Western Europe, however, the U.S. Defense authorities are once more beginning to ask permission to construct installations for their use at various points in Canada.

3. There were four recent requests from the USAF, now approved, for permission to carry out construction projects of significant proportions at Goose Bay (a 125,000-barrel fuel tank, storage buildings costing $250,000, prefabricated personnel accommodation and warehouses costing $1,000,000 and $110,000 respectively). It is understood that there will be similar requests in connection with eight further projects to be laid down at Goose prior to July, 1952. It is expected that, in the near future, the USAF will propose construction of 25-30 new radar stations at various points in Canada, the division of responsibility for financing and manning to depend in each case on the proportion of benefit to be derived by each country. It appears very probable that, next spring, the USAF will want to establish an air station (including accommodation, communications and fuel tankage) at Resolute Bay, N.W.T., for emergency landings. Present indications are that the U.S. Army will ask permission to build a pipeline on the Haines-Fairbanks route next summer.

4. Further, while Canada-U.S. military plans regarding new Service installations that will be required on this continent during the next three or four years have, generally speaking, not yet reached a stage where they constitute firm commitments, it is clear from the current drafts of the plans that, in the next very few years, the U.S. Forces will want an increasing number of new installations for their use at various points in Canada.

5. It would therefore appear desirable to consider, before any more U.S. requests of this kind are received, what general policy or policies might best be adopted in connection with future proposals for new military installations in Canada for the use of the U.S. Forces.

6. From some points of view, the ideal policy would be for Canada to construct, provide, and man as necessary, all military installations required in Canada by the U.S. Forces. This might, however, be beyond Canada's financial resources (at least unless the U.S. provided the equipment as distinct from the buildings), would entail the diversion of Canadian civilian manpower and materials from industry and the Canadian military construction programme, and might well mean, if Canadian defence responsibilities at home are taken into account, that only very limited Canadian military manpower could be made available for service outside the country.

7. Following are the main policies that would appear to be open to consideration:

(a) *Canadian construction at U.S. expense* of all permanent-type structures required by the U.S. Forces, with U.S. provision of all types of equipment and all military manpower required for these installations. This would avoid the possibility of Canada having to buy up, at a later date, buildings constructed at unreasonable prices, but would give Canada no control whatever over the installations — even though it would, presumably, retain title to the land.

(b) *Canadian construction at Canadian expense* of all permanent-type structures, with the U.S. contributing all equipment and military manpower as in (a). Ownership of the permanent-type structures would give Canada some limited measure of control. Canadian provision of permanent-type structures with U.S. provision of most of the necessary equipment is part of the formula on which the Canada-U.S. Arctic weather stations are operating.

(c) *Canadian construction at Canadian expense* of all permanent-type structures, *Canadian provision of some proportion of the military manpower*, with U.S. provision of all or a large proportion of the equipment required. If Canada were to provide half the military personnel and the C.O. at each installation (as in the case of the civilians at the Joint Arctic weather stations) it would have a far greater measure of control, even if it was unable to provide a substantial proportion of the air and water transportation.

(d) *U.S. construction, equipment and manning* of all installations required by the U.S. Forces on the understanding that, being required only for a period of emergency, the installations would be vacated by the U.S. Forces by a specific date and put up for sale, or turned over to the Canadian Government without charge, or remain the property of the U.S. Government while being available for use by the Canadian Government. Washington might well have difficulty in obtaining authorization to spend large sums in Canada on the basis of its having to make something approaching a gift of the installations to Canada after a period of years.

(e) *Canadian assumption of the cost of constructing and manning some proportion* of the installations required by the U.S., *in exchange for U.S. provision of arms, training, etc.* for the Canadian Forces.

8. Wherever possible, there should probably be a condition that the U.S. Forces vacate any new installation by a specific date, say, 1960, unless otherwise agreed by the Canadian Government at that date. Consideration would doubtless have to be given to whether it would be desirable and possible for Canada to adopt policy (a), (b), (c), (d) or (e):

(i) in peacetime only or also in an emergency;

(ii) in the case of all installations required by the U.S. or only those in localities likely to be of considerable importance in the years to come to a more developed Canada — e.g. Goose Bay, Churchill, Edmonton, Whitehorse, etc.

In this connection, it should be noted that, as part of the settlement of the Newfoundland Bases question, it is proposed to give the U.S. a twenty-year lease of an area at Goose where the U.S. Forces would be free to carry out any construction they wish, subject to the consent of the local senior Canadian officer, and to base

any activities in or over Canada, subject to the consent of the Canadian Government. In granting this lease, possibly it would be desirable for the Canadian Government to provide the buildings required by the U.S. Forces as, in the long run, Goose appears likely to have increasing importance to Canada as a link in international air routes and as a base for the development of the Eastern Arctic and sub-Arctic regions.

9. It would be difficult to make any realistic proposals as to policy without further information as to the number and types of installations that will be required by the U.S. Forces. Possibly the Department of National Defence might be asked to endeavour to provide a realistic estimate of the installations that may be required during, say, the next three or four years. The matter is of some urgency, as a number of important U.S. requests for construction in Canada are expected in the near future.

835. DEA/50220-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le chef de la Direction de liaison avec la Défense

Memorandum from Under-Secretary of State for External Affairs to Head, Defence Liaison Division

SECRET [Ottawa], November 14, 1950

DUMPING OF BOMBS BY U.S. PLANE

I did not see the U.S. Ambassador yesterday because it developed that the R.C.A.F. had some knowledge of the flight in question and perhaps even that bombs might be carried. A/V/M [A.L.] James had got through by telephone to the C.A.S. and, subsequently, the Minister of National Defence called me last night from Esquimalt.

2. Apparently the plane in question was one of a training flight between the United States and Goose, for which permission had been granted following discussion in Cabinet Defence Committee. The two Air Forces had worked out the arrangements, I understand. Whether or not it was known to any of our people that live bombs would be carried, it has not been determined.

3. In any event, Mr. Claxton agreed that, in the circumstances, we could not take as stiff a line as if we had had no knowledge whatever of the flight. I proposed, and Mr. Claxton agreed, that I should, however, draw the matter to the attention of the United States Ambassador, pointing out that the incident was serious from the political point of view and indicate that failure to work through the normal and accepted channel in such matters would cause trouble.

4. I am seeing Woodward on another matter this morning and propose to mention it in this way.

A.D.P. H[EENEY]

836. PCO

Extrait du procès-verbal de la réunion du Comité sur les aspects économiques des questions de la défense

Extract from Minutes of Meeting of Panel on Economic Aspects of Defence Questions

TOP SECRET [Ottawa], November 14, 1950

Present:
Mr. N.A. Robertson, in the Chair, (Secretary to the Cabinet),
Dr. W.C. Clark, (Deputy Minister of Finance),
Mr. A.D.P. Heeney, (Under-Secretary of State for External Affairs),
Mr. C.M. Drury (Deputy Minister of National Defence),
Lieutenant-General Charles Foulkes, (Chairman, Chiefs of Staff Committee),
Mr. M.W. Mackenzie, (Deputy Minister of Trade and Commerce),
Mr. J.B. Coyne, (Deputy Governor of the Bank of Canada),
Dr. O.M. Solandt, (Chairman, Defence Research Board).

Also Present:
MR. R.A. MacKay, (Department of External Affairs),
Mr. A.F.W. Plumptre, (Department of External Affairs),
Mr. T.N. Beaupré, (Department of Trade and Commerce),
Mr. S.V. Allen (Department of Trade and Commerce),
Mr. R.B. Bryce (Department of Finance).

Secretariat
Mr. W.R. Wright (Privy Council Office)
Mr. J. George (Department of External Affairs).

I. PROVISION AND CONTROL OF NEW U.S. MILITARY INSTALLATIONS IN CANADA

1. *The Under-Secretary of State for External Affairs* said that Canada was facing a period during which requests for American military installations in this country would be likely to increase substantially in variety and volume. It would be useful to try and determine to some extent principles on which the Canadian attitude might be based in advance of these requests. There were a number of alternative stands that might be taken with regard to possible Canadian contributions to such installations, and formulation of policy would have to depend to a large extent on the scope of the activities the Americans were considering. The forecast of the probable extent of requests for American military installations should be examined in the light of other commitments that would be made or were likely to be made, taking into account the general financial and economic position.

An explanatory memorandum had been circulated.

(External Affairs memorandum, Nov. 13, 1950 — Panel Document ED-20).

2. *The Chairman* said that from his recollection of events at the time, the second sentence of the first paragraph of the paper that had been prepared did not fully reflect the reasons for the Canadian Government purchasing U.S. installations in Canada at the end of the war. While the desirability of Canada acquiring control of these installations had been a consideration, a more compelling one perhaps had been the desirability of reducing our reserves of American dollars.

3. *The Chairman, Chiefs of Staff Committee* suggested that it would be useful to get an estimate in terms of cost and of manpower before considering general policy. Previously the U.S. had not revealed all its plans to Canada but in view of the fact that recently they had found that it was essential for them to discuss certain plans with us in order to implement them, it might be appropriate to ask them to make known all their planning in which we had an interest. It had been indicated recently that the Americans were attaching much greater importance to the continental defence of North America than had previously been the case.

4. *The Deputy Minister of National Defence* agreed that it would be desirable to obtain from the Americans the best possible information concerning requests they were likely to make for installations in Canada. However, this would be difficult to secure because planning for continental defence was not always done centrally and because in the sort of creeping mobilization which they were undergoing the tendency was to settle on one project and push it through to completion without always relating it to the whole picture.

5. *Mr. Drury* said that each of the various arrangements suggested might be followed in one instance or another. As each project would produce a different set of considerations, it was difficult to enunciate common principles that would underlie all of them, with the exception that the principle of Canadian sovereignty should be protected to as great an extent as possible. This could be accomplished if a situation was established whereby, at the termination of any lease or agreement, Canada had an opportunity to exercise her sovereignty.

6. *Mr. Bryce* said that the Canadian attitude must depend on the scale of the American plans. If this was limited, then Canada might well assume a considerable proportion of the cost of constructing and manning the installations. However, if something much larger was anticipated, it might so distort the whole Canadian effort that we would have to consider different arrangements. The question was part of the whole problem of defence policy and should be related to the effort we were prepared to make on other defence activities, such as civil defence.

7. *Dr. Solandt* suggested that any U.S. proposal should meet the primary requirement that, in the Canadian judgement, it was a good proposal both from the military and technical points of view.

8. *Mr. Robertson* said the question involved basic concepts of our defence planning. If, for instance, the maintenance in Europe by voluntary enlistment of one-third of a division, in accordance with the Medium Term Defence Plan, became difficult for Canada and, at the same time, it became necessary for the Americans to station in Canada more personnel than we had in Europe, then a number of fundamental questions were raised about the role of our Forces, enlistment policy, compulsory military training, the importance of home defence, etc.

9. *Mr. Drury* said that Canada was prepared to accept certain risks with respect to the continental defence of North America which the U.S. were not prepared to accept in view of their much greater economic resources.

9. *The Deputy Governor of the Bank of Canada* suggested that if the importance that the Americans attached to continental defence became apparent it would be difficult for Canada to take a much different attitude. The public would question a

policy of defending Canada in Europe if the U.S. considered it necessary to defend themselves in Canada.

10. *Mr. Robertson* said that in fact Canada would not be in the position of taking a calculated risk that the U.S. was not prepared to take, because insurance against that risk would be provided by the U.S.

11. *Dr. Solandt* said that in this connection our attitude was greatly influenced by our geographical position. For instance, if we were not adjacent to the U.S. with its numerous valuable targets, our air defence problem would be greatly reduced.

12. *Mr. Robertson* said that the suggestion that there should be a condition that the U.S. Forces vacate any new installation by a specific date presented certain difficulties. If the installations ceased to be of interest to the U.S., in most cases they would probably no longer be of interest to Canada. It might be possible to take a date that fitted NATO planning, say, twenty years, which was the duration of the Treaty, with the right of review after ten years.

13. *The Deputy Minister of Finance* pointed out the importance of the right of review so that the kind of situation that had arisen with the Newfoundland bases would not re-occur.

14. *Mr. Drury* said that the length of any agreement might be related to the nature of the facility contemplated. If the installation was an elaborate one, a longer lease should be granted than in the case of a relatively temporary installation.

15. *Mr. Robertson* suggested that training facilities for Canadian troops might be secured in the U.S. by agreement with the latter in return for granting of further facilities to them in Canada. This would seem to make sense from both the military and political point of view.

16. *Dr. Clark* felt that to continue to make arrangements for training Canadians in the U.S. on an ad hoc basis would present less difficulties than making them part of a formal agreement.

17. *The Panel*, after further discussion, agreed that the Chairman, Chiefs of Staff Committee, attempt to secure from the U.S. authorities the best possible estimate of their plans related to the North Atlantic Treaty Organization and the joint U.S.-Canadian defence of North America.

. . .

837. DEA/50195-40

L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Under-Secretary of State for External Affairs

LETTER NO. 3088 Washington, December 2, 1950

TOP SECRET

Reference: Your letters Nos. D-3376 and D-3377† of October 25th and November 3rd, 1950.

PROPOSED U.S. STRATEGIC AIR COMMAND PROJECTS AT GOOSE BAY

I enclose a Memorandum prepared by Mr. Ignatieff of a conversation which took place in my office yesterday with Mr. Gordon Arneson of the State Department, at his request. From this conversation I was able to get a coherent account of various developments of which I had previously only had fragmentary knowledge. It explained to me for the first time why the concern felt in Canada over the explosion of a bomb jettisoned by a U.S.A.F. bomber a few weeks ago while on a flight from Goose Bay to Maine had not resulted in the receipt of instructions to seek a full explanation from the U.S. Government.

2. After talking to Mr. Arneson I only know with certainty that Air Marshal Curtis and the Prime Minister are informed of the nature of the arrangements made for the temporary storage of special weapons at Goose Bay last August. I assume, however, from the instructions given in the last paragraph of your letter No. D-3376 that you are also aware of these arrangements. It would be helpful if in your reply you could indicate to me what others in Ottawa have knowledge of this very secret matter. At the Embassy it is only known to Mr. Ignatieff, myself, and my secretary, and I shall not mention it to the Chairman of the Joint Staff unless I learn definitely that he has already been informed.

3. You will note that Mr. Arneson's particular purpose was to establish the best channel to employ for further communications on this subject. The alternatives are a Service channel from the U.S. Air Force to the Chief of the Air Staff or a civilian channel from the State Department to me to you. The State Department would prefer not to use the United States Embassy in Ottawa in this connection. I told Mr. Arneson that on the whole I thought the Prime Minister would prefer the employment of the civilian channel, especially since the decision to seek our concurrence is made personally by the President on the recommendation of the Secretaries of State and Defence and the Chairman of the Atomic Energy Commission.

4. In view of the gravity of the present international situation, I think it desirable that the procedure should be established within the next two or three weeks, although the present plans do not envisage the storage of special weapons at Goose Bay until the additional construction there is available.

H.H. WRONG

[PIÈCE JOINTE/ENCLOSURE]

Note d'une conversation avec l'adjoint spécial du secrétaire d'État des États-Unis, le 1er décembre 1950

Memorandum of Conversation with Special Assistant to Secretary of State of United States, December 1, 1950

TOP SECRET [Washington], December 2, 1950

PROPOSED U.S. STRATEGIC AIR COMMAND PROJECTS AT GOOSE BAY

Mr. Gordon Arneson, special assistant to the Secretary of State on atomic energy questions, came to see the Canadian Ambassador at his office on December 1st to discuss the channel through which any further approach from the United States Government to the Canadian Government on the storage of special weapons at Goose Bay should be made.

Mr. Arneson described the arrangements which had been made last August for the temporary stationing of the U.S.A.F. 43rd Bomber Group at Goose which had been agreed by the Canadian Government for a six-weeks period. In connection with this deployment of the Strategic Air Command, a request had been made to the Canadian Government through Air Marshal Curtis for permission to transfer a small number of special weapons, without their nuclear components, for training purposes. Mr. Arneson explained that the approach to Air Marshal Curtis had been made after the President, in accordance with the provisions of the McMahon Act, had authorized the transfer of a given number of these weapons from the custody of the U.S. Atomic Energy Commission to the U.S.A.F. for use by the bomber group at Goose Bay and for similar use by the strategic bomber group stationed in the United Kingdom during the period of emergency. Mr. Arneson also explained that while the selected weapons moved to Goose Bay, numbering eleven, consisted of non-nuclear components only, they did include a charge of about 5,000 pounds of high explosive in each bomb. This charge is a necessary component for the detonation of the weapon.

As far as the U.S. Government is concerned, information regarding selected weapons was made available to individuals only on a "need to know" basis and under the strictest precautions of security. On the occasion of the request made last August, the U.S.A.F., on receiving the necessary authority from the President, had chosen Air Marshal Curtis as their point of contact in Canada. Mr. Arneson had been told by Mr. [Robert] LeBaron, Chairman of the U.S. Military Liaison Committee on Atomic Energy, that permission had been granted for the transfer of the special weapons to Goose Bay by the Prime Minister, after Mr. St. Laurent had been approached by Air Marshal Curtis.

The permission by the Canadian Government given last August for the transfer of special weapons to Goose was recognized by the U.S. authorities as being limited to the six-weeks period for which approval had been given for the stationing of the 43rd Bomber Group at Goose. It had also been found that the necessary storage facilities were lacking at Goose, and for this reason urgent request had been made for certain additional construction at Goose at the expense of the United States

Government at the end of September. (This request was contained in a letter from General Walsh to Benninghoff of the State Department dated September 28th,† the text of which was transmitted to the Department of External Affairs in teletype WA-2411 of October 6th.†) In the circumstances, the special weapons had to be returned to the United States during the month of October. It was during the transportation of these weapons to the United States that the incident occurred over the St. Lawrence River in which one of the bombs had to be jettisoned and detonated owing to engine trouble in one of the transporting aircraft.

Mr. Arneson said he did not know what progress had been made on construction of storage facilities at Goose, but he had been told by the U.S. Defense authorities concerned that almost certainly a request would have to be made again to the Canadian Government, probably next spring, for permission to transfer a limited number of special weapons to Goose and to store them there. With the authority of Mr. LeBaron and the agreement of the U.S.A.F., Mr. Arneson had come to see the Ambassador in order to find out informally what channel the Canadian Government would prefer to have employed for any further request that might have to be made.

Mr. Arneson was told by the Ambassador that he wished to give some thought to this question and probably consult appropriate individuals in Ottawa before making a reply.

Mr. Arneson said that the President had appointed a special sub-committee of the National Security Council, consisting of the Secretary of State, the Secretary of Defense, and the Chairman of the Atomic Energy Commission, to advise him in cases where the Joint Chiefs of Staff might recommend the transfer of special weapons from the custody of the Atomic Energy Commission to the armed forces. He did not know when such a question would have to be considered by the special sub-committee in the future. It would, however, be desirable to learn soon how the Canadian Government might wish to have any request concerning it handled.

This memorandum of the conversation was dictated by G. Ignatieff, who was also present at the conversation.

838. DEA/50195-40

Note du chef de la Direction de liaison avec la Défense pour le sous-secrétaire d'État aux Affaires extérieures[41]

Memorandum from Head, Defence Liaison Division, to Under-Secretary of State for External Affairs[41]

TOP SECRET Ottawa, December 7, 1950

U.S. ENQUIRY AS TO APPROPRIATE CHANNEL FOR U.S. REQUESTS FOR THE MOVEMENT OF ATOMIC BOMBS TO GOOSE BAY

1. As you know, in the attached Letter No. 3088 of December 2, Mr. Wrong reports that the U.S. authorities have asked what channel they should use in requesting, from time to time, permission to move atomic bombs to Goose Bay, apparently by air. I personally have no doubt that the civilian channel would be the correct one.[42] You or the Acting Minister may wish to discuss the problem with the Prime Minister. It will be noted that Mr. Wrong urges that he be given a decision on this point in the immediate future.

2. While it may be necessary in the immediate future to deal with a request for some bombs to be moved to Goose Bay for storage, as an isolated matter, I think we should reach an early agreement with the United States on the whole question of

(a) What use Strategic Air Command (SAC) bombers may make of Goose Bay in peace or war;

(b) What safety precautions should be applied to the movement and storage of all types of bombs in Canada; and

(c) Most important of all, arrangements to ensure that, in the event of an emergency, SAC bombing attacks from Canada will not be initiated without the prior approval of the Canadian Government.

It would be difficult, and I think dangerous, to attempt to deal with a request for the transfer of a small number of A-bombs to Goose without going into points (a) to (c), inclusive.[43]

3. At the November 21 meeting of Chiefs, it was agreed, in connection with the proposed appendix to the emergency defence plan regarding the provision of SAC bases in Canada, that the RCAF should obtain from the USAF the details of its plans with regard to the use of SAC bases in Canada and put them up to C.S.C. At the P.J.B.D. meeting on October 2-5, it was indicated that the U.S. authorities would shortly be putting forward their plans to the Canadian Government at a high

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[41] Note marginale:/Marginal note:
The Minister, This is long — I think very important though we might have a word tomorrow Dec[ember] 9 [1950] A.D.P.H[eeney].

[42] Les huit notes marginales suivantes ont été rédigées par L.B. Pearson :
The following eight marginal notes were made by L.B. Pearson:
Yes.

[43] Yes

level. I think we should ask Mr. Wrong to urge the Americans to put forward their full plans in the immediate future so that the matter may be considered as a whole.[44]

4. Attached is a memorandum of November 29 which outlines Washington's expected overall proposals (para. 2), and makes a preliminary attempt to define the conditions that Canada might attach to SAC use of bases in Canada. Paras. 9 to 12 deal with the difficult question of approval for the initiation of bombing attacks from Canada, and pages 8 to 11 contain the suggestions as to the conditions Canada might attach.

5. One or two comments on Mr. Wrong's letter and the memorandum attached to it:

(1) I understand that atomic bombs are of no real danger provided the nuclear components are detached, and that, by regulation, they are only attached when a plane is over a target area.

(2) As regards the last sentence of Mr. Wrong's paragraph 1, while Mr. Wrong was not asked to protest the dropping of the bomb in the St. Lawrence, you will recall making representations to Mr. Woodward.

(3) As regards the second sentence of Mr. Wrong's paragraph 2, this Division had no knowledge of the fact that the C.A.S. and, apparently, the Prime Minister had approved the movement by the 43rd Bomber Group of 11 A-bombs, minus nuclear components, to Goose in August.

(4) As regards the first sentence of the last paragraph on page 2 of the memorandum attached to Mr. Wrong's letter, it is our understanding that the storage facilities at Goose Bay are probably now ready, since their foundations were poured some time ago. This information may, of course, not be accurate, but if it is we may well receive a request to store bombs at Goose long before next spring.

R.A. MacKay

[PIÈCE JOINTE/ENCLOSURE]

Note de la Direction de liaison avec la Défense pour le Chef de la Direction de liaison avec la Défense

Memorandum from Defence Liaison Division to Head, Defence Liaison Division

TOP SECRET [Ottawa], November 29, 1950

USE OF CANADIAN AIRFIELDS BY SAC BOMBERS

1. This memorandum contains a few personal and tentative ideas — based on incomplete information — as to the conditions that might have to be attached to the use of airfields in Canada by the Strategic Air Command of the USAF. When the expected proposals are received from Washington, the memorandum may be of

[44] I agree

some use as a starting point for discussion of the terms on which use of airfields in Canada might be permitted.

2. When Washington asks permission for SAC to use Goose (and possibly Harmon and Gander to some extent), its approach, when broken down, may be a request for blanket authority:

In Peace and War

(1) To station bomber units at Goose, etc. (It is not clear whether the USAF wants to go beyond basing tanker aircraft at Harmon and Gander. In this memorandum, "Goose, etc." refers to all airfields in Canada that SAC may want to use for bombers or bombs.)

(2) To have bomber units stationed at Goose, etc. conduct training flights wholly or partly in Canada.

(3) To move bombers back and forth, between foreign points, through Goose, etc. for purposes of deployment or re-deployment, and on training flights partly over Canada.

(4) To have bombers stationed at Goose, etc., or moving back and forth through Goose, etc., for purposes of deployment, re-deployment or training flights, free to make essential emergency landings at other airfields in Canada.

In War:

(5) To send bombers stationed at Goose, etc. on missions against enemy targets, and have them return to or through Goose, etc.

(6) To stage bombers through Goose, etc. for missions against enemy targets, and have them return to or through Goose, etc.

(7) To have bombers stationed at Goose, etc. that are sent on bombing missions, and bombers that are staged through Goose, etc. on bombing missions, free to make essential emergency landings at other airfields in Canada.

In Peace and War:

(8) To store all types of bombs at Goose, etc.

(9) In connection with the various types of movements mentioned in (1) to (7) above, to move bombers and all types of bombs to and through Goose, etc. with only advance *notification* to the RCAF (rather than Canadian Government approval in each case).

Washington might also ask permission for use of a remote practice bombing area by its bombers stationed at Goose, etc., including permission to carry live bombs between Goose, etc. and the area.

3. If the Government is disposed to permit use of airfields in Canada by SAC, one of its main problems will be to ensure that there will be no serious accident resulting from the carriage and storage of bombs in Canada, and at the same time to avoid hampering efficient operation of the bombers on training or in-transit flights, or on wartime bombing missions. Presumably the RCAF will have to be asked for a definitive statement on what bombs are likely to do under various conditions and how they are carried and stored, before a decision is reached as to the safety conditions that the Government should attach to use of airfields in Canada.

4. In the meantime, I have obtained the following preliminary information from the RCAF:

Conventional Bombs:

(a) Only 1 in a 1000 *fully-armed, unfused* bombs that are jettisoned or carried to ground in a crash will explode on impact. Such bombs could explode in a fire after a crash, and would have to be recovered if dropped in shallow water or on land as they become sensitive after a period of years. (Bombs are fused only at the moment of release over a target).

(b) Bombs *lacking the exploder system*, which is easily attached or removed only on the ground, would not explode if jettisoned, carried to ground in a crash, or burnt after a crash, but would have to be recovered if dropped in shallow water or on land since they become more sensitive.

(c) The RCAF and USAF apparently have very strict safety rules governing the storage of conventional bombs and their carriage by air or otherwise. The rules regarding their storage and surface transportation are probably such as to give no cause for anxiety.

(d) The RCAF carries fully-armed bombs, or those with the exploder system removed, only over fixed routes that avoid important centres, and releases fused and sand-ballast bombs only over approved target areas. On bomber training flights, one normally carries either practice (sand-ballast) bombs, which merely produce smoke on impact, or fully-armed bombs, and may train by (i) merely flying, (ii) carrying out mock attacks electronically without releasing bombs, or (iii) dropping bombs on an approved target area. Fully-armed bombs are normally carried by air only to a practice bombing area.

A-Bombs:

(e) Only fully-armed bombs will explode, and such bombs are only fully-armed when over a practice area or enemy target. If one or two components (easily attached or removed, on the ground or in the air) are carried separately in the regulation manner, neither the bomb nor the components can explode if jettisoned, exposed to fire, etc.

5. Thus, there is not really a great deal to fear from the carriage or storage of conventional bombs in Canada, and the carriage and storage of A-Bombs does not appear to present any safety problem.

6. As regards paragraph 2 above, which attempts to outline the probable U.S. proposals, the USAF would presumably have a real need to carry live conventional bombs (either fully-armed or with the exploder system removed, depending on the circumstances) over prescribed routes in Canada in the following circumstances:

(1) To and through Goose, etc. if additional bombs were required urgently at advance bases — e.g. if a war were imminent, if shortages of bombs developed at advance bases during a war, or if surface transportation to Goose, etc. or Europe were interrupted for any reason.

(2) Through Goose, etc. in war, for attacks on enemy targets and return to Goose, etc. — i.e. in order to cut down refuelling time at Goose, etc. on bombing missions starting from airfields in the U.S.

(3) From Goose, etc. to enemy targets and return to Goose, etc.

(4) From Goose, etc. to any approved practice area in Canada, possibly in Labrador.

7. Conditions regarding safety that might have to be attached to approval of use of Goose, etc. are outlined with other conditions, in paragraph 16 below.

8. Canada would presumably want to keep in its own hands the determination of (a) when the first air attacks may be launched from airfields in Canada; (b) when such attacks should be suspended or cease; and (c) when the whole SAC apparatus should be withdrawn from Canada.

9. As regards the question of the timing of the first bomber attack from Canada, SAC is under constant alert because it would, I understand, be of the utmost importance, militarily, to deliver the first Western air blow within the shortest possible *number of hours* after the first sign of an aggression giving rise to a general emergency. This would serve to dislocate the aggressor's war machine and would lessen the risk of SAC bombers, which would apparently be high-priority first-day targets, being caught on the ground. In the event of a general emergency, the Canadian Government might conceivably decide to exercise the right of "individual or collective self-defence" and not wait, before committing the country to war, for a Security Council or Assembly resolution calling for U.N. military action.[45] At the same time, it would presumably want to retain complete freedom to make up its own mind as to the exact time at which Canada should be committed to a war by SAC attacks from Canada (or by Canadian military action).[46]

10. After preliminary talks with LePan, I am inclined to feel that the only practical solution to this difficult aspect of the matter would be to have a very firm understanding that, at the outset of a general emergency, the President would have to consult the Prime Minister, presumably by telephone, as to whether attacks might be initiated from airfields in Canada. The President will, I imagine, retain personal control over the disposition of long-range bomber units and A-bombs. At present I can see no other realistic means of taking care of the two principal considerations that would arise in an emergency: on the one hand, the Canadian Government's need to determine the moment at which Canada is to be committed to a war; and on the other, the importance to all concerned of initiation of a Western air assault in the shortest possible time. It is, of course, impossible to anticipate whether or not, in a hypothetical case of aggression, the Canadian Government would consider it to be of a type to warrant the early commitment of Canada to a war, either through U.S. air attacks from Canada or warlike acts by the Canadian Armed Forces.

11. As regards the time at which bombing attacks from Canadian bases should be suspended during a war, or should cease towards the end of hostilities, I can see no alternative to our simply stipulating that we must retain the freedom to determine these dates.

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[45] There would be no point in waiting if the U.S. had already flown and dropped A-Bombs from Canadian soil.

[46] There wouldn't be any such freedom once A-bombs were stored here.

12. I think our attitude may have to be the same with regard to the date on which SAC and its bomb stocks should be withdrawn from Canada. It is, of course, a question whether Washington would understand that SAC bombers and bombs are of some danger to us nationally and internationally, and that our timing for the initiation, suspension and cessation of bombing from airfields in Canada would not be likely to differ substantially from that of the U.S. authorities.[47]

13. You will recall that, under the 20-year lease for Goose Bay, as proposed at the March PJBD meeting, the U.S. Forces would have to consult us in advance of *basing* at Goose Bay *any* activities *in or over Canadian territory*. I doubt that we would need to give SAC permission to use Goose Bay for 20 years. A shorter period might perhaps be approved, subject to extension from time to time, if satisfactory to Canada. The provision just mentioned as proposed for inclusion in the Goose Bay lease arrangement would incidentally preclude the U.S. setting up long-range guided-missile installations or other unforeseeable long-range weapon installations at Goose Bay without Canadian consent.

14. If it is found that SAC wants to use Gander for more than the stationing of tanker aircraft, substantially the same conditions might be applied to that airfield as are applied to Goose Bay.

15. The exact purposes for which SAC wishes to use Harmon are not clear. If it wants to fly bombing missions from or through any of the Island leased bases, or to store unconventional bombs there, we might possibly have a case for applying substantially the same conditions to those bases as to Goose Bay and Gander, on the grounds that U.S. warlike operations conducted from and through bases in Canada would probably commit Canada to a war, and that such a situation and the storage of unconventional bombs at the leased bases was not contemplated by the signatories of the Bases Agreement. It is doubtful, however, that we would have any case for arguing that conventional aerial bombs may not be stored at the lease bases without specific Canadian permission. In a separate memorandum, I suggest that we take up with Legal Division and London the question of the U.S. Forces at the Island bases committing Canada to participation in a war, or to continued participation, through warlike acts carried out from and through the leased bases, as well as the question of the storage of unconventional bombs at the Island bases.

16. In view of the foregoing, on the basis of presently available information, it might be desirable to attach something like the following conditions to use of *Goose Bay* by SAC:

(1) Taking into account the conditions set forth in the U.S. proposals and those indicated below, U.S. bombers may use Goose Bay and the U.S. Government may store aerial bombs of all types there for a period of 10 years, subject to extension of this period if satisfactory to the Canadian Government, and to the reopening of the whole matter if at any time the Canadian Government considers that conditions are such as to render further use of Goose Bay by U.S. bombers unnecessary or undesirable.

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47 ?

(2) At the outset of any emergency, U.S. bomber attacks will in no circumstances be initiated from or through Goose Bay without the prior consent of the Canadian Prime Minister.[48]

(3) The Canadian Government reserves the right to decide, in the light of the international situation at the time, the date or dates after which U.S. bomber attacks may no longer be carried out, either temporarily or otherwise, from and through Goose Bay, as well as the date or dates after which U.S. bombers and aerial bombs may no longer be present at Goose Bay.

(4) During any period or periods that the Canadian Government permits U.S. conventional bombs to be carried to or through Goose Bay or to be stored there, no such bombs that are fully-armed or merely lack exploder systems may be carried by air in Canada (in connection with use of Goose Bay), except in the following circumstances:

(a) If additional supplies of such bombs are required urgently at Goose Bay or at bases outside of Canada, and either a general war appears imminent, or shortages of such bombs develop at Goose Bay or at bases outside of Canada during a war, or surface transportation to Goose Bay or bases outside of Canada is temporarily interrupted by any cause, such bombs may be carried by air to and through Goose Bay from the United States.

(b) If, in wartime, in order to reduce refuelling time at Goose Bay, it is essential for such bombs to be loaded in the United States aboard bombers proceeding through Goose Bay on missions against enemy targets, such bombs may be carried by air through Goose Bay and to Goose Bay on the return flight.

(c) Such bombs may be carried by air from Goose Bay and on the return flight to Goose Bay on wartime missions against enemy targets.

(d) Such bombs may be carried by air from Goose Bay to any approved practice bombing range in Canada and, when necessary, on the return flight to Goose Bay.

(e) When such bombs are being carried by air over Canada in the circumstances outlined in (a) to (d) above, and an emergency landing at another Canadian airfield is essential, the bombs may be carried to and from the airfield at which the emergency landing is made.

(f) The carriage of such bombs by air over Canada in the circumstances outlined in (a) to (d) above will in all cases be over previously approved routes.

(5) U.S. conventional bombs from which the exploder system has not been removed may not be carried in Canada (in connection with use of Goose Bay) by surface transportation or stored at Goose Bay.

(6) If any U.S. bombs that are fully-armed or merely lack exploder systems are jettisoned, involved in a crash, or otherwise abandoned in Canada, they will immediately be reported to the RCAF and the U.S. authorities will take prompt action to remove the bombs or render them completely harmless.

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[48] Can[adian] Gov't?

(7) Any U.S. conventional bombs stored at Goose Bay will at all times be stored in such a way as to ensure that they are safe.

(8) During any period or periods that the Canadian Government permits United States atomic bombs to be carried to and through Goose Bay or to be stored there, such bombs will on no occasion be fully-armed while present in Canada or the Canadian air space, except when over or released in any practice bombing area approved by the Canadian Government. The RCAF will be informed immediately of any atomic bomb that does not explode when dropped over an approved practice bombing area in Canada, and the U.S. authorities will take prompt action to remove the bomb or render it completely harmless.[49]

(9) No U.S. conventional or atomic bombs may be dropped on any enemy targets in Canada without the express advance approval of the Canadian Prime Minister.

(10) (Here, one might add an appropriate formula for the division of responsibilities between Canada and the U.S. for the construction, manning and control of SAC facilities at Goose Bay. Possibly any of the formulae outlined in my recent memorandum on "Provision and Control of New U.S. Military Installations in Canada" might be used here, although Canada should perhaps try to make a substantial contribution to all USAF installations at Goose Bay in view of the great importance that the field there may have in due course from the point of view of international civil aviation and the development of northeastern Canada.)

17. The conditions to be applied to use of Gander and Harmon will of course depend in part on what SAC wants to do at those airfields, and what their position is at Harmon under the Leased Bases Agreement.

C.C. E[BERTS]

839. DEA/10298-C-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-2723 Ottawa, December 28, 1950

SECRET. IMPORTANT.

PERMANENT JOINT BOARD ON DEFENCE — RECOMMENDATION RE GOOSE BAY

Following from MacKay, Begins: Benninghoff wrote Eberts on December 15† asking whether we should not go ahead with discussion about the Goose Bay lease even though the Board's recommendation about the Newfoundland Bases Agreement had not yet been formally acted upon by the Canadian Government. I have replied today as below in a letter to Benninghoff through the U.S. Embassy here.

[49] ?

To speed up transmission, would you please give text of the letter informally to Benninghoff. Text of letter begins:

I refer to your letter to Chris Eberts of December 15† asking whether it would be desirable and possible to go ahead with arrangements for the Goose Bay lease although the Board's recommendations about the Newfoundland Bases have not yet been formally approved by the Canadian Government.

I am inclined to think that as soon as your people are prepared to present definite proposals regarding arrangements it would facilitate matters if they are to put them forward informally and let us have a look at them. We might in this way be able to clear away possible difficulties in advance of a formal request being made from your side and thus speed up completion of arrangements. Text of letter ends. Ends.

840. DEA/50216-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-24 Washington, January 3, 1951

TOP SECRET

Following for MacKay from Ignatieff, Begins: Reference your EX-2723 concerning PJBD recommendation re Goose Bay, Benninghoff told me in a conversation today that the draft form of a lease was still being worked over by legal experts of the USAF, but he expected that the United States authorities would be in a position to submit a draft informally to the Canadian authorities within two weeks. He understands the letter included in your message under reference to mean that those concerned with this problem on the official level in Ottawa would be prepared to consider a United States draft form of a lease informally in advance of Canadian Government approval of the PJBD recommendations on the Newfoundland bases. He added that, meanwhile, construction, authorization for which was given in Department letter No. D.3376 dated October 25th, 1950, and conveyed verbally to the State Department, has gone forward at Goose Bay. Ends.

SECTION E

SURVOLS
OVERFLIGHTS

841. DEA/50220-40

Le secrétaire du Comité des chefs d'état-major
au sous-secrétaire d'État aux Affaires extérieures

Secretary, Chiefs of Staff Committee,
to Under-Secretary of State for External Affairs

SECRET Ottawa, July 4, 1950

Attention: Mr. R.A. MacKay

PROPOSED U.S.A.F. TRAINING FLIGHTS IN CANADA AND
AERIAL PHOTOGRAPHY OF CANADIAN CITIES

1. I would like to refer to your letter of June 16, 1950,† and to our previous correspondence on this subject.

2. The Chiefs of Staff have considered this matter and have agreed that there is no objection to the U.S.A.F. proposal, subject to the exercises being carried out under the following conditions:

(a) that copies of all photographs taken will be forwarded to the R.C.A.F.;

(b) that any photographs taken be given a high security classification and no distribution of such photographs will be made without prior reference to R.C.A.F. Headquarters; and

(c) that, while performing bombing and radar scope photography over Canadian cities, aircraft will fly at a high altitude and that no mass flights will at any time occur over Canadian cities.

3. The Chiefs of Staff also feel that the project falls within the scope of the approval given by the Minister of National Defence, as set out in the letter to General Walsh from Air Vice-Marshal James dated January 10, 1950.[50]

4. I might add that, in view of certain studies now taking place in relation to defence planning, the R.C.A.F. are particularly interested in receiving copies of photographs of the Canadian cities concerned.

5. In these circumstances, and in view of the urgency which the U.S.A.F. attach to this project, the Chiefs of Staff would be most grateful if you would take whatever action you consider necessary to expedite Canadian approval of the project.

[?]

for J.D.B. Smith
Brigadier, Secretary

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[50] Note marginale:/Marginal note:
No! [R.A. MacKay]

842. DEA/50220-40

Note du chef de la Direction de liaison avec la Défense pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Defence Liaison Division, to Under-Secretary of State for External Affairs

SECRET [Ottawa], July 5, 1950

PROPOSED USAF TRAINING FLIGHTS IN CANADA AND AERIAL PHOTOGRAPHY OF CANADIAN CITIES

You said yesterday you might have a word with the CAS this morning about the attached letter of July 4 on the above subject.

2. I suggest you might take the line that the U.S. proposal goes very much farther than the proposal to which Mr. Claxton agreed last January.

3. The January proposal was that the USAF be permitted "to perform camera bombing and radar scope photography over Quebec, Winnipeg, Montreal, Toronto, Ottawa, Sault Ste. Marie, and Churchill during the period of Strategic Air Command rotation to Goose Bay this winter."

4. The present proposal is that the USAF Strategic Air Command have permission to "overfly all Canada to and from the following SAC bases and the Canadian Arctic" (bases listed are in Louisiana, Texas, California, Georgia, Arizona, Florida, South Dakota, Washington, New Mexico), "flights to be initiated and terminated at above bases and Alaska except in emergency." They also ask for the right of vertical and radar scope photography over Calgary, Montreal, Vancouver, Churchill, Winnipeg, Quebec, Edmonton, Regina, Ottawa, and Toronto. Flights would consist of B-29, B-50, B-36 aircraft up to 45 planes in a flight. It is proposed to conduct flights on a year-round basis and permission is asked for an indefinite period.

4. The flights are said to be for training purposes to familiarize U.S. crews with flying conditions over the Arctic wastes. The present proposal seems to me to go so much farther than the January scheme that I feel very strongly that we must have both Mr. Claxton's and Mr. Pearson's express approval before authorizing it. The regular procedure for authorizing defence projects by the U.S. in Canada is for the Chiefs to secure the approval of the Minister and advise us accordingly before we approach our Minister.

5. With respect to the merits of the proposal, I am not of course competent to express any judgment on the technical side, since no doubt long training flights are necessary for Strategic Air Command, and no doubt training flights over the Arctic wastes are an advantage. Surely the RCAF have adequate photographic equipment to take pictures of Canadian cities. I cannot see very much advantage to the RCAF. I should think also that the U.S. Strategic Air Command would get as much practice out of bombing runs and radar scope photography of such runs over Chicago as over Toronto.

6. From a political standpoint, I feel that we should be cautious about authorizing the project. A flight of 45 6-engine bombers over any part of settled Canada could

not escape public notice in Canada. Almost certainly the Kremlin would hear about it. This is a dangerous summer, and I do not think we should encourage anything that might tend to make the Canadian people or the Kremlin jittery. If we authorize flights at all, I should think that they should be restricted to a very small number of planes and that they should not be too frequent. I think also we should have a time limit.

R.A. M[ACKAY]

843. DEA/50220-40

Note du chef de la Direction de liaison avec la Défense pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Defence Liaison Division, to Under-Secretary of State for External Affairs

SECRET [Ottawa], July 5, 1950

U.S. AIR FLIGHTS OVER CANADA

Since there is no evidence on the file that the Minister approved of the earlier project, you may wish to discuss the attached telegram with him.[51] The text has been cleared by telephone with the Chief of the Air Staff.[52]

[PIÈCE JOINTE/ENCLOSURE]

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1089 Ottawa, July 7, 1950

SECRET

Your WA-1424 of June 28,† Proposed USAF training flights in Canada and aerial photography of Canadian cities.

The U.S. request for training flights over Canada as set forth in your WA-662 of March 14† and WA-1103 of May 12† is approved subject to the following conditions:

(a) that copies of all photographs taken will be forwarded to the R.C.A.F.;

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[51] Note marginale:/Marginal note:
Mr. MacKay: The Minister is not prepared to agree to this. Pl[ease] speak to me about it. Mr. P[earson] feels permission sh[oul]d be further limited. He fears the effects. A.D.P.H[eeney] Jul 6.

[52] Note marginale:/Marginal note:
Minister agrees [to send telegram] on understanding Mr. Claxton had already commented and U.S. already given to understand (through service channels) that consent will be given. A.D.P.H[eeney] Jul 7.

(b) that any photographs taken be given a high security classification and no distribution of such photographs will be made without prior reference to R.C.A.F. Headquarters;

(c) that, while performing camera bombing and radar scope photography over Canadian cities, aircraft will fly at a high altitude and that no more than one aircraft should fly over a Canadian city at a time;

(d) that permission is restricted to the present calendar year subject to reconsideration at the request of the U.S.;

(e) that the number of planes participating in a flight over Canadian territory should be substantially less than the maximum of 45 proposed by the U.S. (We hesitate to set any precise maximum but hope the U.S. Air Force will bear in mind that mass flights over Canadian territory may attract undue public attention, which the Canadian Government and no doubt the U.S. authorities would wish to avoid, particularly in the present state of international tension.)

Will you please advise the appropriate U.S. authorities accordingly?

844. PCO

Extrait du procès-verbal de la réunion du Comité du Cabinet sur la défense

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET [Ottawa], December 1, 1950

Present:

The Prime Minister (Mr. St. Laurent), in the Chair,
The Minister of Trade and Commerce (Mr. Howe),
The Minister of National Defence (Mr. Claxton),
The Minister of Finance (Mr. Abbott),
The Secretary of State for External Affairs (Mr. Pearson),
The Minister of Justice (Mr. Garson).
The Secretary (Mr. Wright),
The Acting Military Secretary (G/C Annis).
The Chief of the General Staff (Lieutenant General Foulkes),
The Chief of the Air Staff (Air Marshal Curtis),
The Chief of the Naval Staff (Vice Admiral Grant),
The Chairman, Defence Research Board (Dr. Solandt),
The Secretary to the Cabinet (Mr. Robertson),
The Under-Secretary of State for External Affairs (Mr. Heeney),
The Deputy Minister of National Defence (Mr. Drury),
The Deputy Minister of Trade and Commerce (Mr. Mackenzie),
The Assistant Deputy Minister of Finance (Mr. Bryce).

. . .

III. UNITED STATES AIR OPERATIONS OVER CANADIAN TERRITORY

37. *The Minister of National Defence* reported that in August, 1950, the United States Section of the Permanent Joint Board on Defence had requested permission for the U.S. services to fly over Canadian territory as might be required in order to carry out effective interceptions of unidentified aircraft crossing the border from Canada into the United States. This requirement developed from the initiation of

active operations in connection with the U.S. Air Defence Scheme. It was obvious that the very broad authority sought by the United States required certain definitions and limitations in order to be compatible with Canadian requirements. To this end officials of the Department of National Defence and the Department of Transport had drafted provisions which, while designed to permit the interception of unidentified aircraft, at the same time would not interfere with normal southbound flights from Canada to the United States. The Canadian Armed Forces had been advised that the U.S. military authorities were in agreement with the proposed limitations.

38. *Mr. Claxton* said the U.S. request appeared logical and justifiable and one to which we could hardly object. Nevertheless, as the proposals now stood they were one-way concessions in favour of the United States. Consideration might be given to making them reciprocal.

An explanatory memorandum had been circulated.

(Memorandum, Minister of National Defence, Nov. 27, 1950 — Cabinet Document D264A).†

39. *The Secretary of State for External Affairs* said that the agreement should be framed right from the beginning on a reciprocal basis.

40. *The Committee*, after further discussion, agreed to recommend to Cabinet approval of the U.S. request for interception of unidentified aircraft over Canadian territory, subject to the restrictive clauses stipulated and subject to the extension of reciprocal concessions to Canada by the United States.

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SECTION F

DÉFENSE CIVILE
CIVIL DEFENCE

845. DEA/4028-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3009 Washington, November 21, 1950

SECRET. IMMEDIATE.

Following for Mr. Drury from W.R. Wright, for delivery first thing Wednesday morning.

1. At the meeting on civil defence which took place on November 21st, it was agreed to issue a statement to the press here at about 10 a.m. on Wednesday, November 22nd, to be marked "for immediate release". The text of the press statement is given below.

2. The most important recommendation of the conference on civil defence was that a small joint civil defence planning group should be established, subject to approval by both Governments. The group would explore the problems involved in civil defence co-ordination between the two Federal Governments and the States and Provinces. It was thought that they should delegate such matters as customs and immigration, movement of doctors and nurses across the border, etc. to working groups of experts of the two countries who would report their findings back to the planning group.

3. It was also agreed that it would be useful to arrange the exchange of permanent civil defence officers, as is presently done by the three services. Worthington, on further consideration, believes he can usefully make someone available for assignment to the Civil Defence Office here. Similarly a United States civil defence officer would then be assigned to Ottawa.

4. There was a general and informative interchange of views on particular problems, such as the stage reached in the civil defence planning in particular fields by both countries.

5. Throughout the discussions, we took care to make no commitments which might fall within the competence of the Provinces, and it was agreed that the planning group, if set up, would go more thoroughly into the constitutional problems involved in civil defence coordination between the States and Provinces.

6. Following is the text of the press release:

Civil defense officials of the United States and Canada today recommended the establishment of a planning group to study civil defense problems shared by both countries.

Consideration was given to interchanging civil defense information, and plans, and a proposal to exchange permanent liaison officers.

The meeting was held in the Executive Office Building here between the top civil defense officials of both countries. It arose out of the series of conferences which have been held between civil defense representatives on the lower level. The United States group was headed by James J. Wadsworth, Acting Director, Civil Defense Office of the National Security Resources Board. The Canadian delegation was led by General F.F. Worthington, Civil Defense Coordinator.

Various aspects of civil defense were discussed by the conferees. Concerning problems common to both countries, it was agreed to recommend the creation of a special group to study such matters as coordination of mutual aid, standardization of equipment, organization of personnel and procedures to be followed.

Besides General Worthington, those in the Canadian group included A.L. Wright, Civil Defense Liaison; W.D. Matthews, Minister, Canadian Embassy, Washington; B.A. Wallis, Second Secretary, Canadian Embassy, and W.R. Wright, Department of National Defense, Ottawa.

In this United States group, besides Mr. Wadsworth, were Col. Barnet Beers, Assistant for Civil Defense Liaison, Office of the Secretary of Defense; H. Merrell Benninghoff, Officer in Charge of Dominion Affairs, Bureau of European Affairs, State Department; Hubert R. Gallagher, Head of State-Local Relations Group, Civil

Defense Office; Samuel H. Sabin, Associate General Counsel, NSRB, and Frederick P. Hobart, Congressional Liaison, Civil Defense Office. Text ends.

SECTION G

MISE SUR PIED DU COMMANDEMENT DU NORD-EST DES ÉTATS-UNIS
ESTABLISHMENT OF UNITED STATES NORTHEAST COMMAND

846. PCO

Note du ministre de la Défense nationale pour le Cabinet

Memorandum from Minister of National Defence to Cabinet

CABINET DOCUMENT NO. 143-50 Ottawa, May 16, 1950

TOP SECRET

PROPOSED U.S. NORTHEAST COMMAND

1. The U.S. Joint Chiefs of Staff have proposed the establishment of a U.S. Northeast Command located at Fort Pepperell. This would be a unified command for the purpose of facilitating planning and the technical employment of U.S. forces assigned to it.

2. The missions assigned to this command will be in consonance with the following two principles:

(a) maintenance of the security of the U.S. forces concerned;

(b) planning in concert with the Canadian forces for the defence of such parts of North America and the sea and air approaches thereto as may be agreed upon from time to time by the Governments of the United States and Canada.

3. The forces which the command would control would be:

(a) U.S. Air Force establishments in North-eastern Canada, Newfoundland and Greenland (at present under the U.S.A.F.'s Newfoundland Base Command);

(b) the Argentia base and U.S.N. bases in Greenland.

4. When this proposal was raised before it was indicated that the name of the command might be something like Northeast Command. Naturally, we preferred not to have this name used without any qualification as it would then tend to indicate that the command was over a geographical area which might be taken to include Canadian forces. As changed, it is considered that the same objection could

not be made to the name. The matter, however, is referred to the Cabinet for noting, should there be any objection.[53]

SECTION H

ADMISSION DES MILITAIRES DE RACE NOIRE
ADMISSION OF BLACK TROOPS

847. DEA/11681-40

Note de la Direction de liaison avec la Défense pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Defence Liaison Division to Under-Secretary of State for External Affairs

SECRET [Ottawa], August 25, 1950

You will recall that, owing to the fact that U.S. coloured troops introduced venereal disease in the Northwest Territories and Yukon during the war and as the Government has feared misunderstandings on the part of the Provinces, it has been reluctant to permit U.S. negro *units* to undertake maintenance work at Mingan and Chimo, P.Q., and Frobisher Bay, Baffin Island, during recent summers. It refused permission with regard to the two air stations in Quebec, although it did, in the end, permit a unit of U.S. negro engineers to carry out maintenance work at Frobisher during the summer of 1949.

Air Vice Marshal James, Air Member for Air Plans and R.C.A.F. member, P.J.B.D., tells me that [Major] General [Lyman P.] Whitten, the General commanding U.S.A.F. units in Newfoundland and Quebec, raised an aspect of this matter when he paid a visit to R.C.A.F. Headquarters yesterday. Apparently, as a result of the U.S. Government's non-segregation policy, varying numbers of negro personnel are nowadays being included in all normal U.S.A.F. units with the result that, in recent weeks, General Whitten has already received some 45 negroes for postings in various units in Newfoundland. He has mentioned this fact to the Newfoundland authorities (including Mr. [Leslie Roy] Curtis, the Attorney General) and, while they are apparently not particularly happy about the situation, they have, understandably, not found it desirable to raise any objections.[54]

I gather that the Pentagon still realizes that prior approval would be required for postings in Canada of *units* of negro troops, but Air Vice Marshal James appeared

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[53] Le 18 mai 1950, le Cabinet a noté le rapport du ministre de la Défense nationale sur la proposition des chefs d'état-major interarmées américains au sujet de la mise sur pied du commandement du Nord-Est des États-Unis.
On May 18, 1950, the Cabinet noted the report of the Minister of National Defence on the proposal of the U.S. Joint Chiefs of Staff for the establishment of a U.S. Northeast Command.

[54] Note marginale:/Marginal note:
The Minister. I do not see how we could reasonably object. If & when negro postings to U.S. units make (or threaten to make) them predominantly black we might raise the matter. Do you agree? A.D.P.H[eeney]. Aug 28.

to expect that, in the long run, a sizeable number of negro troops might be posted to the leased bases as members of normal U.S.A.F. units and appeared anxious to let the U.S.A.F. know whether this would be in order.

Possibly, you will feel that the question of mixed units being posted in Canada in future should go to Cabinet or that, in the case of the Province of Newfoundland, at least, a Federal Minister should discuss the matter with the provincial Premier. It is difficult to see how one can object to the use of mixed units for mutually agreed purposes in Canada without creating bad publicity for Canada in the United States.[55]

C. EBERTS

2e PARTIE/PART 2

QUESTIONS ÉCONOMIQUES
ECONOMIC ISSUES

SECTION A

ÉNERGIE ATOMIQUE
ATOMIC ENERGY

848. C.D.H./Vol. 9

Extrait du procès-verbal de la réunion du Conseil de direction de l'Eldorado Mining and Refining (1944) Ltd.

Extract from Minutes of Meeting of Board of Directors of Eldorado Mining and Refining (1944) Ltd.

SECRET Toronto, December 10, 1949

Present:
W.J. Bennett
R.T. Birks, K.C.
Dr. W.F. James
J.A. MacAulay, K.C.
F.D. Reid
C.G. Williams
In Attendance:
H.H. Haydon

. . .

U.S. Atomic Energy Commission — New Contract

Mr. Bennett advised the meeting that deliveries on the current contract with the U.S. Atomic Energy Commission would be completed as of December 31st, 1949. It was, therefore, proposed to enter into a new contract. In considering the quantity

[55] Note marginale:/Marginal note:
We can't object to this; as long as there are no negro *units*. L.B.P[earson] [August 29, 1950].

that should be offered for sale, an endeavour had been made to work out a balanced delivery for the period of the next three years, commencing January 1st, 1950. In order to accomplish this, it was Mr. Bennett's recommendation that the new contract should be for a quantity of 450,000 lbs. Mr. Bennett advised the meeting that he had had preliminary discussions with the U.S. Atomic Energy Commission both with respect to quantity and price. The Commission was agreeable to the purchase of 450,000 lbs. With respect to price, Mr. Bennett advised the meeting that since the last contract had been signed, the Canadian dollar had been devalued by 10%. Mr. Bennett recalled to the meeting that the Uranium Black Oxide price under the current contract is $15.00 (Can. funds) which is being paid by the U.S. Atomic Energy Commission in equivalent United States dollars. This method of payment had been developed at the time of the renegotiation of Contract T-86. Under the original terms of that contract, payment was provided for in United States funds which were then at a premium. When the Canadian dollar went to par, the Company was faced with the possible loss of the premium inasmuch as its costs for selling purposes had been determined on the basis of the premium. The new clause was developed for future contracts in order to protect the company in the future against a similar contingency. Mr. Bennett pointed out that while the clause did protect the company from loss, it did not prohibit the U.S. Atomic Energy Commission from benefiting through the devaluation of the Canadian dollar. As a consequence, the balance of payments on the current contract were being made at the rate of approximately $13.50 (U.S. funds). It might be argued that in the next contract the Company should insist on payment at the rate of $15.00 (U.S. funds) which would result in a return of approximately $16.50 (Can. funds) per lb. Mr. Bennett pointed out that such an argument overlooked the fact that when the $15.00 price was negotiated there was considerable opposition to increasing the price from $13.50 to $15.00. The increase had only been agreed to when the Company outlined in general terms its costs. Since these costs had been stated in terms of Canadian dollars, it would be difficult at this juncture to ask for a price of $16.50 (Can. funds) per lb., unless of course it could be shown that costs had increased by $1.50 per lb. It was Mr. Bennett's view, therefore, that it would be a mistake to ask for $15.00 per lb. (U.S. funds). He did propose, however, to ask for some increase, since it could be anticipated that costs, particularly at the Refinery, would increase, due to devaluation. Mr. Bennett asked for the Board's approval of his entering into negotiations with the U.S. Atomic Energy Commission for the sale of 450,000 lbs at a price of $15.51 (Can. funds), or $14.50 (U.S. funds).

WHEREUPON on motion duly made and seconded it was unanimously resolved

THAT Mr. W.J. Bennett be and he is hereby authorized to negotiate and conclude a contract with the U.S. Atomic Energy Commission for the delivery of 450,000 lbs of Uranium Black Oxide with the same specifications and on the same

general conditions as the present contract, at a price of $15.51 (Can. funds) or such other price as he at his discretion might decide.[56]

There being no further business, the meeting then adjourned.

849. C.D.H./Vol. 9

Le président de l'Eldorado Mining & Refining (1944) Ltd., au chef de la division des matières premières de la United States Atomic Energy Commission

President, Eldorado Mining & Refining (1944) Ltd., to Chief, Raw Materials Division, United States Atomic Energy Commission

SECRET [Ottawa], April 3, 1950

Dear Mr. [Jesse C.] Johnson:

On March 24th Mr. G.C. Bateman, representing the Atomic Energy Control Board of Canada, and I, met with you in Washington to discuss the possible establishment of special price provisions to encourage the production of uranium from properties which, because of grade or location, can not operate economically under the official Canadian minimum price. At our meeting we agreed upon a formula to be used as the basis for establishing such special prices. There is attached a memorandum containing the formula and the basis for purchasing ores under the formula.

It was the understanding that you would obtain the approval of the United States Atomic Energy Commission and that Mr. Bateman and I would obtain the approval of the Right Honourable C.D. Howe, the Minister of Trade and Commerce, and the Atomic Energy Control Board. We indicated that in the event of approval being given to our agreement it was my intention to make a suitable announcement on April 18th in Toronto at the Annual Meeting of the Canadian Institute of Mining and Metallurgy. A copy of the proposed announcement is being sent to you under separate cover.†

We have obtained approval of the agreement subject to my obtaining an undertaking that, during the period extending to March 31st, 1958, the United States Atomic Energy Commission will purchase from Eldorado the Uranium Black Oxide which is refined from the material acquired under the terms of the formula; provided, however, that the price of such Uranium Black Oxide delivered to the United States Atomic Energy Commission or its agent shall not exceed a price to be established between Eldorado Mining and Refining (1944) Limited and the

[56] Un contrat de 450 000 livres pour 15,51 $ a été apparemment négocié avec les États-Unis et approuvé par le Conseil de direction lors de sa réunion du 28 février 1950. Le procès verbal de cette réunion n'a pas été retrouvé. Le procès verbal du Conseil de direction de l'Eldorado Mining du 11 décembre 1950 comporte une étude de ce contrat.
A contract for 450,000 lbs at $15.51 was evidently negotiated with the United States and approved by the Board of Directors at its meeting on February 28, 1950. The minutes of this meeting were not located. A review of the contract is in the Minutes of the Board of Directors of Eldorado Mining for December 11, 1950.

United States Atomic Energy Commission. The agreement as to the price will be the subject of a separate letter.

We would be glad to receive confirmation of the Commission's approval of the above understanding.

Yours sincerely,
W.J. BENNETT

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

A formula for determining the price to be paid for the U_3O_8 content of concentrates has now been devised which is based upon four factors:

1. $2.75 a pound for the average U_3O_8 content of the ore or mill feed.
2. A milling allowance of $7.25 per ton of ore milled.
3. A Maximum price based on a mill head of 0.25% U_3O_8.
4. A minimum extraction of 70%.

Eldorado will purchase, f.o.b. rail, acceptable concentrates which normally will be required to contain a minimum uranium content equivalent to 10% by weight of uranium oxide (U_3O_8) and will pay for the U_3O_8 content at a price per pound determined in accordance with the following formula:

The price per pound to be paid for the U_3O_8 content of acceptable concentrates containing 10% or more by weight of U_3O_8 shall be the product obtained by multiplying the average number of pounds of U_3O_8 per ton of mill feed by $2.75 per pound, adding to this a milling allowance of $7.25 per ton of ore milled and dividing the sum of the two by 70% of the average number of pounds of U_3O_8 per ton of mill feed.

The maximum price per pound for uranium oxide which will be paid under this arrangement is that based upon the formula applied to an ore with an average grade of .25 percent or five pounds per ton.

The price includes all radioactive elements in the ores and concentrates, but consideration will be given to the commercially recoverable value of non-radioactive constituents by payment therefor or by the return of the residues containing such constituents.

As the price is based upon the average grade, Eldorado reserves the right to adjust the contract from time to time, but without changing the formula in order that the contract will be in conformity with actual mine results.

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Le chef de la division des matières premières de la United States Atomic Energy Commission au président de l'Eldorado Mining & Refining (1944) Ltd.

Chief, Raw Materials Division, United States Atomic Energy Commission, to President, Eldorado Mining & Refining (1944) Ltd.

SECRET Washington, April 7, 1950

Dear Mr. Bennett:

This is in reply to your letters of March 31[57] and April 3, 1950, and draft of announcement to be made by the Right Honourable C.D. Howe, Minister of Trade and Commerce, with reference to the extension of the period of the guarantee, and your announcement, regarding a special schedule for the purchase of high-cost low-grade uranium ores.

The proposed draft of the public announcement of the new price schedule, in our opinion, accurately and satisfactorily describes the formula as developed at our meeting on March 24 for determining the price the Eldorado Mining & Refining (1944) Limited will pay for the U_3O_8 content of ores and concentrates under the new schedule. We see no objections to such announcements.

Your letter of April 3 requests a statement concerning the Commission's willingness to buy uranium black oxide produced from material acquired by Eldorado under the new schedule. I am authorized to advise you that the Commission is prepared to purchase from Canada all the uranium produced under this program through March 31, 1958, up to a total of 8,000 tons, and under a ceiling price for black oxide of $10.00 (U.S. currency) per pound of U_3O_8 content. Appropriate contracts will be made from time to time.

It is understood that the price to be paid by the Commission will not exceed the ceiling price of $10.00 described in the above paragraph and will be established by Eldorado on the basis of the price paid producers by Eldorado in accordance with the proposed formula, plus freight, refining and handling charges. It is also our understanding that the ceiling price of $10.00 (U.S. currency) per pound of U_3O_8 relates to a black oxide comparable in quality to that which we have been receiving under our contracts with Eldorado.

Also we understand that you will confirm by letter that Eldorado is prepared to sell the Commission, under the conditions mentioned above, all the uranium produced in Canada under the guaranteed buying schedule except such quantities as the Canadian Government may desire to retain for its own use.

Sincerely yours,

JESSE C. JOHNSON

[57] Non retrouvée./Not located.

851. C.D.H./Vol. 9

Le président de l'Eldorado Mining & Refining (1944) Ltd.,
au chef de la division des matières premières
de la United States Atomic Energy Commission

President, Eldorado Mining & Refining (1944) Ltd.,
to Chief, Raw Materials Division, United States Atomic Energy Commission

SECRET [Ottawa], April 12, 1950

Dear Mr. Johnson:

I have your letter of April 7th in reply to my letters of March 31st and April 3rd in the matter of the establishment of a special schedule for the purchase of high-cost low-grade uranium ores and the extension of the period of the guarantee.

I note that the proposed announcements to be made by the Right Honourable C.D. Howe, Minister of Trade and Commerce, and myself are satisfactory to you. I note further that the United States Atomic Energy Commission is prepared to purchase all the uranium which may be produced under the new buying program through March 31st, 1958, up to a total of 8,000 tons, and under a ceiling price for black oxide of $10.00 (U.S. currency) per pound of U_3O_8 content. I have advised the Right Honourable C.D. Howe of the Commission's undertaking and he has now given his approval of the adoption of the special price formula.

With reference to the final paragraph of your letter, this is to confirm that we will sell to the United States Atomic Energy Commission all the uranium produced in Canada under the guaranteed buying schedule, up to a total of 8000 tons, and for the period ending March 31st, 1958, except such quantities as the Canadian Government may desire to retain for its own use.

Yours sincerely,
W.J. BENNETT

852. C.D.H./Vol. 9

Le ministre du Commerce
au président de l'Eldorado Mining & Refining (1944) Ltd.

Minister of Trade and Commerce
to President, Eldorado Mining & Refining (1944) Ltd.

SECRET [Ottawa], April 12, 1950

Dear Mr. Bennett:

I have your letter of April 12th further to your letter of April 1st in the matter of the discussions which you and Mr. G.C. Bateman have been carrying with the United States Atomic Energy Commission with respect to the establishment of a special price formula for the purchase of uranium in ores and concentrates in Canada. I note that you have now received from Mr. Jesse C. Johnson, Manager of Raw

Materials Operations, United States Atomic Energy Commission, an undertaking that the Commission will purchase all uranium which may be produced under the new buying program, through March 31st, 1958, up to a total of 8,000 tons, and under a ceiling price for black oxide of $10.00 (U.S. currency) per pound of U_3O_8 content. I am in agreement with Mr. Bateman and yourself that the giving of this undertaking warrants the new buying program. Accordingly you have my approval of the establishment of the special price formula as outlined in your letter of April 1st and enclosures.†

I note also that Mr. Johnson wishes to have written confirmation of the understanding that all uranium produced in Canada under the new buying schedule will be sold to the United States Atomic Energy Commission, up to a total of 8,000 tons, and for the period ending March 31st, 1958, except such quantities as the Canadian Government may wish to retain for its own use. This commitment has my approval and you may so advise Mr. Johnson.

Yours sincerely,
C.D. HOWE

853. DEA/50219-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1160 Washington, May 20, 1950

Following for Robertson from Wrong, Begins: In connection with the agreement recently reached with the United States Atomic Energy Commission on a new price formula to govern the purchase of uranium in Canada, we have had an inquiry from the British Embassy through [F.W.] Marten, the United Kingdom Joint Secretary of the C.P.C., upon instructions from the Foreign Office, for any information that we might give them in respect to this price formula and for any background information regarding reasons for the change as compared with the price previously set.

2. In explaining this inquiry, we were told that the United Kingdom Government, of course, recognizes that the original buying price quoted by Canada, the United Kingdom and United States was not discussed in the C.P.C. or the C.D.A., but each country was careful to keep within the Belgian contract price. Moreover, the United Kingdom Government, being an equal partner with the U.S.A. in the Belgian Congo contract and in the current negotiations with South Africa for the supply of uranium, believes that these prices might be affected as a result of the new price formula and that it may be necessary, in consequence, to adjust the United Kingdom buying price to the new price which may be offered for lower grade ores in Canada. Apparently the United Kingdom authorities believe that they should have at least been informed before the new price formula was agreed in Washington and given an opportunity to comment on the proposal before the transaction was completed.

3. As the British Embassy is under instruction to put these views to us, I should like to have your guidance as to the reply which we should make, together with any information which might be passed on to the United Kingdom authorities.

4. Incidentally, we learned from Marten that Sengier[58] of Union Minière sent an inquiry to Carroll Wilson of the Atomic Energy Commission about the new price formula and that Carroll Wilson has sent an explanation in reply to the effect that the new price was arrived at to meet special conditions in Canada and the United States and should not be regarded as affecting, in any way, the price arrangements with Union Minière. Ends.

854. DEA/50219-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

TOP SECRET Ottawa, June 8, 2950

CHALK RIVER PILE

At yesterday's meeting of the Advisory Panel on Atomic Energy, Dr. Mackenzie made an important "off-the-record" statement about the prospect of constructing a second and larger pile at Chalk River.

2. As you know, the U.S. Atomic Energy Commission have already purchased twelve rods irradiated at Chalk River. They seem satisfied with their quality and Dr. Mackenzie is pleased at the price they are prepared to pay. At this price, Dr. Mackenzie estimates, we could afford to build a second pile of about twenty times the power of our present Chalk River pile and pay for it over a four or five year period by selling its production of plutonium to the United States Atomic Energy Commission.

3. For their part, the U.S.A.E.C. have indicated informally that they are prepared to consider cancelling one of their pile projects and placing a long-term contract with Chalk River for the production of plutonium.

4. Although Dr. Mackenzie does not expect that a second pile could be in production before 1954, he thinks that it may be necessary within the next month or so for the Government to reach a decision as to whether or not a Canadian plant for the production of heavy water should be built, as it would take longer to get the heavy water production underway than it would to construct the pile which would use it. Dr. Mackenzie has in mind a site at Calgary and does not think it would be possible to expand the facilities at Trail, B.C., now operated by the Consolidated Mining and Smelting Company, as their production is fully committed to the United States

[58] Edgar E.B. Sengier, président du comité exécutif de l'Union minière du Haut Katanga.
Edgar E.B. Sengier, Chairman of Executive Committee of Union Minière du Haut Katanga.

(apart from a small quantity earmarked for the present pile at Chalk River) and the site is already fully developed and could not readily be expanded.

5. Dr. Mackenzie has told Mr. Howe that he thinks a heavy water plant would probably cost between two and three million dollars and Mr. Howe has indicated his willingness to have the project discussed in Cabinet Defence Committee.

6. The decision to build a heavy water plant at Calgary would, of course, imply a decision to construct a second pile at Chalk River, which in turn hinges on whether the United States would be prepared to buy our production of plutonium at an economic price. While he is in Washington on atomic security talks from June 19th to 22nd, Dr. Mackenzie will probably have an opportunity of discussing a plutonium contract with Mr. Carroll Wilson, General Manager of the U.S. Atomic Energy Commission.

7. So far, the role of Canada in the field of atomic energy has been that of primary producer of raw materials. We have also made an important contribution to basic research in nuclear physics and we have at Chalk River a pile which is the finest of its kind in the world, but which does not develop anything like the power necessary for research on atomic power development. It is now proposed that we should add to our role as primary producer and researcher that of secondary producer — that we should develop the industrial plant necessary for the production of plutonium at an economic unit cost. The size of the proposed second pile has been calculated so as to give us the most economical rate of production of the substance which, so far as we can see, will be the most important lasting asset in an atomic age, whether for peace or war — plutonium.

8. Some of the principal arguments in favour of the development of a second pile are:

(a) We cannot count on the present Chalk River pile lasting much longer. It may remain servicable for years, but our scientists can give no guarantee that it may not become contaminated by a slight accident or miscalculation at any time. Therefore, if we are to stay in the atomic research field, in which we already have a good start, we need a second pile.

(b) We need a second pile also for the production of plutonium which we should otherwise have to buy from the United States. Our present pile is too small to be an economic producer, but from its operation we have learned enough, Dr. Mackenzie believes, to produce plutonium in quantity at least as cheaply as the Americans can because our heavy water process has turned out to be more efficient than the methods they have developed so far.

(c) The alternative policy of allowing our present pile to wear out without replacement would leave us wholly dependent on U.S. secondary production, research and development, while they would, in future years, be only partially dependent, if at all, on our uranium ores.

(d) With the prospect of the development in a few years time of re-cycling processes which will make it possible to get much more out of uranium than we do at present, it would be greatly to our advantage to enter the field of industrial production ourselves, and keep in Canada as high a proportion of our uranium production as possible to be reworked by more efficient methods in future years.

(e) Although the proposed second pile would not be a tool for research on atomic power development, it would enable us to increase our engineering and scientific skills so that, when the day comes when atomic power is a practical proposition, we should be better equipped to take full advantage of the opportunities it will offer.

9. I should not like you to regard this memorandum as a definitive review of the technical arguments. Dr. Mackenzie will, I suppose, put forward his own memorandum when the time comes for Cabinet Defence Committee to consider the question of heavy water development at Calgary and the construction of a second pile at Chalk River. This memorandum is simply a review of Dr. Mackenzie's statements on this subject at recent meetings of the Atomic Energy Panel so that you will have an outline of his proposition in mind. If there are any aspects of the problem that you would like us to examine in greater detail, we should, of course, be glad to do so.

A.D.P. H[EENEY]

855. DEA/50219-40

Le président de la Commission consultative sur l'énergie atomique à l'ambassadeur aux États-Unis

Chairman, Advisory Panel on Atomic Energy, to Ambassador in United States

TOP SECRET Ottawa, June 19, 1950

Dear Mr. Wrong:

In your message WA-1160 of May 20th, you asked what information might be given to the United Kingdom Embassy in Washington in response to their request for more information about the new price formula governing the purchase of uranium in Canada.

The new formula was developed by Eldorado in consultation with the Advisory Committee of Mining and Exploration of the Atomic Energy Control Board of Canada, and announced by Mr. W.J. Bennett, President of Eldorado, in a statement made on April 18, 1950, at the Annual Meeting of the Canadian Institute of Mining and Metallurgy in Toronto. Three copies of Mr. Bennett's speech are attached.† I am advised by Mr. Bennett that the formula is simply an amplification of the price formula announced in April, 1948. In the original formula, a base price was established and it was also provided that under certain conditions, higher prices might be paid. In the new formula, the conditions governing the payment of higher prices were laid down and a limit was established on the amount which might be paid. It was considered necessary to clarify the special price provisions of the purchasing policy as confusion on this point was retarding the search for uranium. The results of prospecting activities in the two-year period since the first announcement of purchasing policy were such as to indicate that uranium would never be produced under the old "special price" arrangement.

As regards the participation of the United States Atomic Energy Commission in the arrangement, I am informed that prior to the announcement of April, 1948, consultation took place between the Raw Materials Division of the United States Atomic Energy Commission and the Advisory Committee on Mining and Exploration of the Atomic Energy Control Board of Canada. Such consultation was considered desirable because the United States Atomic Energy Commission was at that time also considering the adoption of a domestic purchasing policy for the United States. The similarity of mining conditions in the two countries indicated the wisdom of joint consultations. Similarly, when the Advisory Committee on Mining and Exploration began its review of the Canadian policy early in 1950, consultations were again arranged between the Advisory Committee and the Raw Materials Division of the United States Atomic Energy Commission. In this connection, it should be noted that the United States Atomic Energy Commission has had in effect for some time a price formula similar in character to the new Canadian formula which is designed to stimulate production from low grade deposits.

You might point out to the British Embassy that when Mr. Bennett and Mr. Bateman were consulting the United States Atomic Energy Commission about the price formula prior to its announcement, Mr. Bateman told Mr. Eaton of the British Embassy what was proposed. He also suggested subsequently, in a letter to Mr. Jesse Johnson of the Raw Materials Division of the United States Atomic Energy Commission, that he have a talk with Mr. Eaton about the new formula and he believes that Mr. Johnson gave Mr. Eaton a copy of the new Eldorado formula to be applied. In addition, Mr. Bennett sent a copy of his speech to the United Kingdom High Commissioner's Office, as well as to the Belgian Embassy who asked for copies. It seems to us, therefore, that Eldorado has kept the United Kingdom authorities, here and in Washington, reasonably well informed of their consultations with the United States Atomic Energy Commission about the new price formula.

Yours sincerely,
N.A. ROBERTSON

856. DEA/50219-40

Le président de la Commission consultative sur l'énergie atomique à l'ambassadeur aux États-Unis

Chairman, Advisory Panel on Atomic Energy, to Ambassador in United States

TOP SECRET AND PERSONAL Ottawa, June 19, 1950

Dear Hume [Wrong]:

I have just sent an official reply to your message WA-1160 of May 20th asking what information you could give to the British Embassy about the new Eldorado price formula. For your own information, I should like to add to what I said in my official letter which was worded so that you would be able, if you wished, to give a copy of it to the British Embassy.

After the Panel discussion which you attended, [James] George spoke to Bennett who in turn consulted both Mr. Howe and George Bateman. The reply we sent you was largely drafted by Bennett who went on to explain why he did not think it was wise to be more specific in replying to the British Embassy's request for further information. At the risk of telling you what you already know, I shall pass on to you what Bennett said.

Bennett thinks the British Embassy in Washington would like not only to be kept informed but to be consulted in any important discussions of policy between Eldorado and the United States Atomic Energy Commission. We have not consulted them, although we have kept them informed, because we have maintained,

(a) that our uranium is not subject to C.D.A. allocation;

(b) that Eldorado is a private Company dealing directly with the United States Atomic Energy Commission;

(c) that the conditions of mining operations on the North American Continent are very similar and indeed many of the companies operating in the Colorado Plateau have interests in Canada so that similar policies have to be applied in the two countries; and,

(d) the United Kingdom does not have a domestic mining problem, but has only to consider the development of mines in Portugal and the Belgian Congo.

There is, of course, no new *contract* between Eldorado and the United States Atomic Energy Commission. The only contract is the one originally negotiated with Eldorado before its stock was expropriated by the Government, and that contract, with modifications as to price, is essentially the same as the one now in effect covering the production of Eldorado Yellowknife mine. Although there is no contract for Eldorado's additional production, and the further production that may be stimulated by the new price formula they have announced, Eldorado have a "gentlemen's agreement" with the United States Atomic Energy Commission to buy their full production at an economic price for the next eight years.

The new Eldorado price formula is, like the U.S. price formula which includes an important allowance for vanadium production, calculated on a sliding scale in order to encourage production which could not be attracted at the basic price of $2.75 a pound. Working out their formula, Eldorado was not unmindful of the possibility that it might be used by, for example, the Belgian Government in pressing for a higher price in their negotiations with the U.S. and U.K Governments. For this reason, the formula was devised in such a way that if it were applied to the very high-grade production of Union Minière, they would, in all probability, receive less for their uranium than they do under their present contract price with the United States Atomic Energy Commission.

Eldorado's general position on these matters is, therefore, to work as closely with the British as they can, and give them as much information as they can, without disclosing the details of their business negotiations as a private company on a United States Atomic Energy Commission contract.

Yours sincerely,

[N.A. ROBERTSON]

857. C.D.H./Vol. 9

Le ministre du Commerce
au ministre des Finances

Minister of Trade and Commerce
to Minister of Finance

SECRET [Ottawa], September 16, 1950

My dear Colleague,

I am bringing to your attention a recommendation from Dr. C.J. Mackenzie, President of the National Research Council, that a second production pile be built at the Government's Atomic Energy Project at Chalk River, at an estimated cost of $26,451,000.00.

This project has been under consideration for the past two years. There is no doubt that a second pile is required, as the life of the first pile is uncertain and is presently estimated at about ten years. Plutonium presently being produced at Chalk River is being sold to the U.S. Atomic Energy Commission, but production from the present pile is not on a scale to make the present project self-supporting. You will appreciate that the present installation was intended to be an experimental project rather than a production installation.

I have taken the stand that the Government would not build a second production pile unless it could be demonstrated that the project will be self-liquidating financially. Therefore, Dr. Mackenzie has been negotiating with the U.S. Atomic Energy Commission for a sale of the product on a basis that will liquidate not only the new pile, but the existing pile and townsite over a period of ten years.

The U.S. Atomic Energy Commission have now accepted in principle Dr. Mackenzie's proposal that the Commission will buy all plutonium produced at Chalk River at a price between $170,000 and $180,000 per kilogram. It may be noted that a price of $145,000 per kilogram will permit the Government to amortize the new plant over ten years, and that a price of $175,000 per kilogram would allow the Government to amortize past expenditures as well as future expenditures over the same period.

The project will call for an expenditure of $7,000,000.00 per year over three years for construction, and a further amount of $6,000,000.00 for heavy water and uranium for delivery when the plant is ready for operation.

I enclose Dr. Mackenzie's report[59] to me on this project, and will appreciate your consideration and advice as to whether you, as Minister of Finance, can support this project if it is presented to the Governor-in-Council.

Yours sincerely,
C.D. HOWE

[59] Non retrouvé./Not located.

858. C.D.H./Vol. 9

Le ministre des Finances
au ministre du Commerce

Minister of Finance
to Minister of Trade and Commerce

SECRET Ottawa, October 14, 1950

My dear Colleague:

I have studied your letter of September 16 and the enclosed recommendation and report from the President of the National Research Council, concerning a second pile to be built at the Atomic Energy Project at Chalk River for the production of plutonium, at an estimated cost of $26,451,000.

I have noted what you and Dr. Mackenzie say regarding the necessarily uncertain future of the life of the present and much smaller pile, and of the possibilities of liquidating the costs of this second pile from the sales of plutonium to the United States Atomic Energy Commission. In view of these facts and the importance of Canada maintaining an active role in this highly important scientific field, I would be prepared to support this proposal when you present it to the Cabinet.

I feel I should point out that this second pile would appear to be directed primarily to the production of plutonium for military purposes and any other purposes for which the United States would be using it, rather than for research, and I assume that we can regard our expenditures on this project as in the nature of defence expenditures, with due allowance for the receipts we shall be getting from the United States. I assume that in making this recommendation you feel that the use of critical materials and highly skilled manpower that will be necessary for this project is justified in relation to the other defence uses that could be made of them. Naturally we do not have in the Department of Finance the detailed information that would be necessary for us to come to any independent judgment as to the military value of additional plutonium production in relation to other efforts.

I should perhaps add that Mr. Bryce, after discussing the matter with me, has already told Dr. Mackenzie that I was prepared to support this project.

Yours truly,

D.C. ABBOTT

859. DEA/50219-40

Procès-verbal de la réunion de la Commission consultative sur l'énergie atomique

Minutes of Meeting of Advisory Panel on Atomic Energy

TOP SECRET [Ottawa], November 10, 1950

Present:
Mr. N.A. Robertson (Secretary to the Cabinet), in the Chair,
Mr. A.D.P. Heeney (Under-Secretary of State for External Affairs),
Dr. C.J. Mackenzie (President, National Research Council),
Dr. C.M. Solandt (Chairman, Defence Research Board),
Air Vice Marshal F. Miller (Air Member, Operations and Training, R.C.A.F.)
Acting Secretary
Mr. James George (Department of External Affairs)

I. RESUMPTION OF TRIPARTITE TALKS[60]

1. *Dr. Solandt* reported that he had recently been in Washington and that he and Mr. Ignatieff had discussed with Mr. Arneson the possibility of tripartite discussions being resumed. Mr. Arneson had told them that the U.S. approach to the problem had undergone a considerable change during the past year. They were now primarily concerned with the military aspects rather than the purely scientific ones, and the policy paper that was now being considered in Washington had been drafted in the Pentagon. He thought that the U.S. Government's position, which would not be defined for about a month, would probably leave the U.K. free to continue their weapons programme at its present level, but the proposals for the allocation of raw materials, in which the United States were primarily interested, would not give the U.K. sufficient supplies for any expansion of their programme. It seemed probable, according to Mr. Arneson, that there would be less emphasis in the U.S. proposals this year on the setting up of an integrated weapons programme, in view of the security difficulties that had arisen during the past year that would make Congress reluctant to sanction a completely full exchange of information and personnel between the U.S. and U.K. atomic projects.

2. The U.S. military authorities were thinking more and more of the tactical possibilities of the atomic bomb, and their proposals for a joint programme would probably relate to the tactical rather than the strategic use of the bomb. The R.A.F., according to their Chief of the Air Staff, attached the greatest possible importance to securing a stockpile of bombs to enable them to fulfill their role in the defence of Western Europe; the U.K. Chiefs apparently thought that they could persuade their Government to give up their weapons programme if that were necessary to get bombs.

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[60] Les échanges tripartites sur les questions nucléaires ont pris fin abruptement lorsque Klaus Fuchs, un scientifique britannique qui avait effectué des recherches sur les armes nucléaires aux États-Unis et au Royaume-Uni, a été arrêté en février 1950 pour espionnage au profit de l'Union soviétique. Tripartite exchanges on atomic questions ended abruptly when Klaus Fuchs, a British scientist who had worked on atomic weapons research in the United States and the United Kingdom, was arrested in February 1950 for spying for the Soviet Union.

3. The U.S. authorities would probably be prepared to give bombs to the U.K., subject to a satisfactory allocation of raw materials, but it was not contemplated in the U.S. paper that bombs should be made anywhere but in the United States, although the U.S. would see no objection to the U.K. weapons research and development progress continuing. As soon as an agreement was concluded, bombs could be turned over to the U.K. against future deliveries of British plutonium, which would be blended in the United States. The number of bombs given to the U.K. would depend on the U.K.'s production of plutonium.

4. *Mr. Robertson and Mr. Heeney* commented that it was a pity that the U.S. Administration saw no way of reaching a tripartite agreement of this character without amending the McMahon Act, as the legislation might have a difficult passage in the new Congress.

5. The principal subjects on which Canadian thinking should be clarified before tripartite discussions were resumed, probably early in the new year, *Dr. Solandt* thought, were

(a) The possibility of establishing in Canada a joint *atomic proving ground*; and

(b) The possibility of storing bombs in Canada, either for our own use or for the use of the U.S.A.F.

6. As regards the first problem, Dr. Solandt said that he had been told by Mr. Arneson and Admiral Parsons in Washington that the U.S. authorities were not satisfied with their present proving ground at Eniwetok, and had decided as a temporary measure to choose a site in the Aleutians. After last year's tripartite negotiations had broken down, the U.K. authorities had begun to think about the possibility of finding an alternative proving ground, probably in Australia but possibly in Canada, should it prove impossible to reach agrement with the Americans for a joint proving ground. Since then, Mr. Penny had visited Canada and had found a site he considered suitable South of Churchill. It had been made perfectly clear to Mr. Penny that the facilities provided during his visit to Canada did not imply any kind of prior commitment to such a project on the part of the Canadian authorities. Very rough estimates of the cost of making a suitable proving ground in the area under consideration had arrived at a figure of $5,000,000; so far as personnel requirements were concerned, approximately 500 men might be required on the proving ground during trials.

7. *Mr. Robertson* asked whether, if the project were eventually approved, the area could not be used as a general testing ground for Air Force purposes, including atomic tests; it would then be easier to administer, and it might provide better security.

8. *AVM Miller* thought there would be little inconvenience, from an administrative point of view, in establishing a proving ground solely for atomic tests, and that the psychological reaction in Canada would probably tend to make both the Services and the public more aware that the bomb was *our* problem too. *Dr. Solandt* also pointed out that by having the proving ground in Canada we might learn more about the effects of atomic weapons, which would be valuable for our civil defence programme.

9. *Dr. Mackenzie and AVM Miller* pointed out that, now that people were becoming more concerned about the hydrogen bomb, and the U.S. had apparently enough bombs to consider tactical as well as strategic uses, the atomic bomb was coming more and more to be considered in the category of ordinary weapons of war, and having a proving ground in Canada might dispel some of the "mystique" in the attitude of our people towards the bomb. *Dr. Solandt* added that our willingness to have a proving ground in Canada might improve our position in the Combined Policy Committee and avoid the necessity which might arise, if a fourth country were approached, of negotiating a "special position" for it, such as has been demanded by the South Africans and the Belgians.

10. *The Panel agreed with Mr. Robertson's observation* that the Canadian Government would probably not be prepared to consider establishing a proving ground in Canada solely for the use of the U.K., if the U.K. Government were unable to reach agreement with the U.S. Government on the use of a joint proving ground. The only condition on which the Canadian Government might consider such a proposal sympathetically would probably be if both the U.S. and U.K. Governments were to ask us to establish a joint testing area on the grounds that it would be close enough to both countries for administrative convenience and economy, and yet in a sufficiently remote area where there would be a minimum of dislocation to the life of the area. We should not, however, initiate any programme or proposal for the establishment of an atomic proving ground in Canada.

11. *As regards the possibility of bombs being stored in Canada, Dr. Solandt* reported that Mr. Arneson had thrown out a suggestion which he might or might not have meant to be taken seriously, that the Canadian Government might wish to have bombs stored in Canada for its own use. *Mr. Heeney* reminded the Panel that there had already been discussions with the U.S. Air Force and the State Department about the future use of Goose Bay,[61] and Cabinet had agreed that the Minister of National Defence might have further discussions on this subject with the U.S. authorities. *Mr. Robertson* did not know whether this problem would be approached more easily on the basis of our North Atlantic partnership, in which the United States had already been given the strategic air role, or as a joint exercise in Canada-U.S. co-operation.

12. *Dr. Mackenzie* then raised a third subject of interest to Canada that might be considered during tripartite discussions. He said that the U.S. Atomic Energy Commission would probably reach a decision in a week regarding *the price* which they would be prepared to pay *for Canadian plutonium production.* They had already agreed in principle to purchase our production, after we had assured them that they would be getting just as much from us, whether they purchased it in the raw or the finished state. The proposed contract with the U.S. Atomic Energy Commission appeared very satisfactory from our point of view, as the unpredictable factors in price — those depending on U.S. supply — were taken care of by "escalator" clauses providing that if American prices on, for instance, heavy water, were increased, the price of our plutonium would be raised. Dr. Mackenzie had formed

[61] Voir le document 830./See Document 830.

the impression that the U.S. authorities welcomed Canadian competition, as they did not have domestic competition. He thought that any profits that might accrue from our production could be put back into the Chalk River project, and that this would enable the annual Government outlay for the project to remain at its present level instead of being increased during the next 10 years of uncertainty in the development of industrial uses of atomic energy.

13. *The Panel noted* the reports of Dr. Solandt and Dr. Mackenzie, and agreed that there should be a further meeting after the U.S. paper proposing the resumption of tripartite negotiations had been circulated to the Canadian and U.K. Governments.

II. C.D.A. NEGOTIATIONS WITH SOUTH AFRICA AND BELGIUM

14. *The Panel noted* the Washington reports of these negotiations that had been circulated.

15. *Mr. Robertson* said that in Mr. Howe's absence he had advised Mr. Wrong that he was sure Mr. Howe would have no objection to the C.D.A. appointments which had been proposed.

III. UNITED NATIONS DEVELOPMENTS

16. *The Acting Secretary* reported on various developments during the present session of the U.N. General Assembly bearing on the problem of the international control of atomic energy — President Truman's proposal for a joint disarmament commission, the "uniting for peace" resolution, and Mr. Vyshinsky's ambiguous statements on inspection and control.

17. *Mr. Robertson* thought that the Americans might have — or at least should have — in mind the desirability of merging the disarmament discussion into one commission immediately, if there were any likelihood at all of the Russians accepting the majority plan for the control of atomic energy. If there were to be atomic disarmament without any steps towards disarmament of conventional weapons, he said, it would create a very serious strategic imbalance in favor of the Soviet Union at the present time. In a few years, the West might have built up its strength in conventional forces to the point where there would be less danger, but at the present time it was still true that the increasing U.S. stockpile of atomic weapons was the principal balancing factor in the strategic picture, so that any atomic treaty would have to be combined with a measure of conventional disarmament.

860. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], December 13, 1950

. . .

ATOMIC ENERGY; FURTHER DEVELOPMENT OF CHALK RIVER PLANT

11. *The Minister of Trade and Commerce* said that the Atomic Energy Control Board had recommended construction of a new pile at the Chalk River plant to

ensure continuity and permanence in the research programme relating to atomic energy. The estimated total expenditure involved would be $26.5 million. Of this total, approximately $1 million would be required during the current fiscal year, $7 million in 1951-52, $10 million in 1952-53 and $9 million in 1953-54. Construction could not be finally completed and the reactor in operation before December 1953. Operation of the new pile would result in an excess of plutonium beyond the requirements of the Chalk River research programme but it had been ascertained that this excess could be sold at a satisfactory price to the United States Atomic Energy Commission. The revenues from such sales would be applied against amortization of the capital cost of construction of the new reactor and would also cover foreseeable additional expenditures arising out of the increased research programme. Consequently, it was estimated that the provision of a new pile would not result in any increase in the annual budget for atomic energy research.

12. *Mr. Howe* said that the proposed expansion at Chalk River was desirable not only from a defence point of view but because of the purely commercial uses which were gradually being found for atomic energy. It should be noted, in this connection, that an atomic propellent was being used experimentally at the present time in submarines.

13. *The Cabinet*, after discussion, agreed that the Atomic Energy Control Board be authorized to enter into all necessary contracts and make all necessary commitments for the purpose of providing a new reactor at Chalk River as recommended by the Minister of Trade and Commerce.

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SECTION B

VOIE MARITIME DU SAINT-LAURENT
ST. LAWRENCE SEAWAY

861. DEA/1268-D-40

Extrait du procès-verbal provisoire de la réunion du Comité interministériel sur le développement des Grands Lacs et du Saint-Laurent

Extract from Draft Minutes of Meeting of Interdepartmental Committee on Great Lakes - St. Lawrence Development

CONFIDENTIAL [Ottawa], June 7, 1950

Present were:

Mr. G.A. Lindsay, Department of Transport (Chairman)
Commander H.A. Stowell, RCN, Dept. of National Defence
Mr. G.G. McLeod, Department of Trade and Commerce
Mr. R.B. Armstrong, Department of Finance
Mr. G.M. Schuthe, Canadian Maritime Commission
Mr. R.G. Robertson, Office of the Privy Council
Mr. J.S. Nutt, Department of External Affairs
Mr. J.F. Grandy, Department of External Affairs (Secretary)

. . .

2. FUTURE ACTION

The Chairman drew attention to the adjournment on May 10 of hearings on the 1941 Agreement before the Public Works Committee of the United States House of Representatives. This meant that no action would be taken by the United States Congress this year. Three courses were open to the Canadian Government:

(a) To wait another year in the hope that the 82nd Congress might approve the Agreement in 1951;

(b) to press for development of power alone in the International Rapids section;

(c) to press for development of power in the International Rapids section and undertake simultaneous construction of an all-Canadian deep waterway as far as Lake Erie.

It might be desirable to set out these courses, together with an outline of the considerations involved, in a memorandum for the Cabinet Committee on Economic Policy. Such a memorandum would not need to include a recommendation; the important thing was to bring these possible courses of action to the attention of the Ministers concerned. Estimates of the cost of an all-Canadian waterway under various assumptions had been completed and were included in the paper "Possible Future Action" which had been circulated to members of the Interdepartmental Committee. The Ontario application for separate power development had been in our hands for two years and had not been acted upon. If the Niagara Treaty did not come into force this year, strong pressure for the separate power scheme could be expected from Ontario.

Mr. Robertson agreed that the implications of the time factor should be brought to the attention of Ministers.

The Chairman asked what effect a further delay would have on the development of Labrador iron ore.

Mr. McLeod said that the full development of the ore would be delayed, although some development would still take place without the Waterway.

Mr. Robertson asked when the St. Lawrence power was expected to be needed.

The Chairman replied that Mr. Saunders had said that the Ontario Hydro would need St. Lawrence power by 1957 whether or not Niagara power could be made available in the meantime.

The Committee agreed that a memorandum along the lines suggested by the Chairman should be prepared for the Cabinet Committee on Economic Policy. The Secretary was directed to prepare a first draft for the consideration of members of the Interdepartmental Committee.

. . .

862. DEA/1268-D-40

Le sous-secrétaire d'État aux Affaires extérieures
à l'ambassade aux États-Unis

Under-Secretary of State for External Affairs
to Embassy in United States

LETTER NO. X-2118 Ottawa, July 25, 1950

CONFIDENTIAL

FUTURE ACTION ON THE ST. LAWRENCE WATERWAY AND POWER PROJECT

Enclosed is a copy of a draft memorandum for the Cabinet Committee on Economic Policy which is being considered by the Interdepartmental Committee on Great Lakes-St. Lawrence Development.

2. I should be glad to have any comments or suggestions you might wish to make on this draft memorandum. I should particularly appreciate your views on paragraphs 2 and 9.

3. If the Canadian Government were to make a public statement to the effect that they would have to consider the construction of an all-Canadian Waterway if the United States Congress had not approved the 1941 Agreement by the end of 1951, do you think such a statement would make Congress more likely or less likely to take action in 1951 to approve the 1941 Agreement?

4. I wonder whether you have any idea what effect the additional expenditure of $10 billions on defence is apt to have on the prospects of Congressional approval of the 1941 Agreement. There would appear to be a possibility that, faced with such heavy expenditures, Congress might not wish to see any manpower and materials devoted to St. Lawrence construction. On the other hand, the advantages of the Waterway, and the necessity of the power, for defence purposes, might lead Congress to give early approval to the project. It would be helpful to know which of these considerations is likely to weigh more heavily with Congress. I do not think there would be any harm in your consulting the State Department on this one point. On the preceding questions, however, I should like your own opinion only, since we do not wish to let the United States Government know at this time that the possibility of an all-Canadian Waterway is being examined.

5. It would be most helpful if I could have your views on these points by August 3.

A.R. MENZIES
for Under-Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Projet d'une note pour le Comité du Cabinet sur la politique économique

Draft Memorandum for the Cabinet Committee on Economic Policy

CONFIDENTIAL [n.d.]

FUTURE ACTION ON THE ST. LAWRENCE WATERWAY AND POWER PROJECT

1. Now that it has become clear that the United States Congress will not act on the St. Lawrence Agreement this year, the Interdepartmental Committee has come to the conclusion that the Cabinet Committee on Economic Policy might wish to re-examine the St. Lawrence situation in the light of the views expressed by the Prime Minister on January 28, 1949, when he said in the House of Commons:

> "I think it is only fair for us to say that if we cannot at this time get implementation of this agreement for the double-barrelled purpose of navigation and power, the value of the power is so great that we shall have to give very serious consideration to going ahead and developing it on the power side alone."

The Prospects of Congressional Approval of the 1941 St. Lawrence Agreement

1. It is now known that the present Congress will not take any action to approve the St. Lawrence Agreement. It is impossible to determine whether the new Congress is likely to do so in 1951. One favourable factor is the increasing realization in some quarters in the United States of the importance of the Labrador iron ore development. This, however, has not been enough to bring the 1941 Agreement onto the floor of either House of Congress this year and there is no assurance that it will do so next year.

The Need of Power in Ontario

3. Ontario is counting on power from the Niagara and St. Lawrence Rivers to meet its future needs. If the Niagara Diversion Treaty[62] is ratified by the United States this year (which is in some doubt) the new plants to be constructed at Niagara can be in operation by 1953 or 1954. In the opinion of the Ontario Hydro-Electric Power Commission, however, the additional power thus made available will not justify any delay in the development of St. Lawrence power. It is only expected to provide for the anticipated growth in demand between 1954 and the earliest time that St. Lawrence power can be made available. The latter is expected to be needed by 1957. If, for any reason, the United States fails to ratify the Niagara Diversion Treaty in the meantime, the need of St. Lawrence power will be even more urgent. Power facilities in the International Rapids Section could probably be constructed in four years, but the cost would be appreciably greater than for a longer period of construction. At least five years should be allowed for construction of the Waterway.

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[62] Voir le document 874./See Document 874.

Labrador Iron Ore and the Deep Waterway

4. The Labrador iron ore development is one important factor bearing on the question of the need for early construction of the Deep Waterway. There appears to be no doubt that Labrador ore could compete with Mesabi ore in the Pittsburgh area even without the Deep Waterway. This would assure annual sales at the rate of ten million tons, which is considered to be the necessary minimum for development of the ore to be profitable. A toll-free Deep Waterway, however, would permit deliveries to Pittsburg cheaper by 49¢ to 92¢ a long ton than the cheapest alternative route, a saving of $4.9 to $9.2 millions a year on the minimum output. Moreover, it would open an equally profitable market in virtually the whole Great Lakes area, enabling an immediate doubling of output and adding another $70 to $90 millions a year to the Canadian national income. Much of this would take the form of earnings of United States dollars. The imposition of tolls would, of course, lessen these advantages somewhat, but if the tolls were not unreasonably high, the Waterway would still be a critical factor for full Labrador development.

3. As long as there remains a good chance that the Deep Waterway may be undertaken in the near future, it would appear worthwhile for the Labrador interests to delay their development so that the beginning of large shipments may coincide with the opening of the new canals. If the ore is to be moved by rail, transfer facilities costing perhaps $20 millions must be constructed at Montreal or Baltimore. If the Deep Waterway were opened shortly after the completion of these transfer facilities most of their cost would be wasted since the Waterway would still attract this traffic at any reasonable rate of toll. In summary, the Deep Waterway is needed if the Labrador iron ore resources are to be fully developed; from this point of view, the earlier construction can begin the greater will be the advantages of the Waterway.

Defence Aspects

6. The Deep Waterway would have three main advantages for continental defence. It would ensure a dependable source of iron ore capable of rapid expansion and moving over a route that would be reasonably easy to protect. It would permit greatly increased traffic of war materials. It would also permit the construction of larger ocean-going ships in the sheltered Great Lakes area — merchant ships as well as naval vessels. If we are to be in a position to take full advantage of these possibilities in an emergency, construction of the Waterway should take place in peacetime.

Possible Courses of Action

7. Three possible courses appear to be open to the Canadian Government:

(a) To wait another year for possible approval of the 1941 Agreement by the United States Congress.

(b) To try to bring about development by Canada and the United States, or by Ontario and New York, of the power resources of the International Rapids Section without a Deep Waterway.

(c) To combine power development as in (b) with construction of an all-Canadian waterway.

Awaiting United States Approval of 1941 Agreement

8. In many respects this is the simplest course. The main difficulty is that approval by Congress in 1951 cannot be counted on, and in the meantime another valuable year may be lost. Another consideration is that Congressional approval, if it is obtained, will almost certainly be contingent upon the negotiation with Canada of an agreement for the imposition of tolls. These negotiations would have to include the determination of the total amount to be collected, the division of the revenue between the two countries, and the preparation of a detailed schedule of tolls.

Development of Power Alone

9. The most feasible method would be for the two federal governments to refer the existing application of the Ontario Hydro-Electric Power Commission and the Power Authority of the State of New York to the International Joint Commission. If the latter then issued an order of approval of the works proposed, construction could take place without any need for an agreement between the United States and Canadian Governments, and therefore without any reference to Congress. If the Canadian Government decided to follow this procedure, some persuasion might be needed to induce the United States Government to refer the application of the Power Authority of the State of New York to the International Joint Commission. In September, 1948, Mr. Truman stated at a press conference that he was opposed to separation of the navigation and power features of the project and that he would not approve the project except as a whole. He might be induced to alter this stand now that two more years have gone by without congressional approval of the combined project. In addition, the United States Federal Power Commission must grant a licence to the Power Authority of the State of New York. The Federal Power Commission is now considering the recommendations of an Examiner appointed in 1948 to determine whether such a licence for the United States share of the works should be granted. The Examiner in December, 1949, recommended against the granting of a licence on the following grounds, *inter alia*:

> "In order that the future operation of both navigation and power facilities in the International Rapids Section of the St. Lawrence River may be carried on with a minimum of friction between the two nations involved, it is desirable that facilities on the United States side of the International Boundary should be constructed and owned by the Government of the United States."

Nevertheless, the ultimate attitude of the Federal Power Commission will probably be determined by whatever stand is finally adopted by the Administration. Incidentally, the Canadian Department of Justice has ruled that the Ontario Hydro has no valid authority at present either to make such an application to the International Joint Commission or to undertake a development of the kind contemplated. New legislation would presumably be necessary if the Canadian Government decided to put forward the application of the Ontario Hydro.

10. There is another possible method of seeking separate power development. The United States and Canada could enter into an agreement or a treaty for the development of power alone. The Canadian rights and obligations under such an agreement could be transferred to Ontario following the procedure recently adopted

for the Niagara development. An agreement of this type with the United States would be subject to the usual delays and uncertainties attending ratification of treaties and agreements in Congress. For this reason it is doubtful whether it merits serious consideration at this late date. In Congress such an agreement might meet with less opposition than the 1941 Agreement, but it would probably have less active supporters as well, since the power would benefit only New York State and one or two of its neighbours. The dispute between public and private power interests which has already endangered the Niagara Treaty might be a further source of delay.

Power Development Together With an All-Canadian Deep Waterway

11. If it were decided to proceed with the development of St. Lawrence power along the lines of paragraph 9, Canada could construct a Deep Waterway through the International Rapids Section on the Canadian side of the International Boundary. No agreement with the United States would be needed. This work could be done either concurrently with or subsequent to the construction of the power facilities, although a saving in cost of $12.5 millions would be effected if the works were constructed concurrently.

12. If the navigation works were built on the Canadian side in the International Rapids Section, the Deep Waterway constructed through the Canadian section of the river, and 27 ft. depth provided through the Welland ship canal, all that would be required to complete a deep waterway into Lake Erie would be some minor dredging on the United States side of the boundary in the Thousand Islands Section of the St. Lawrence River. If the United States would not do this, it could be done by Canada, no doubt, following the precedent established in the past when the United States deepened channels on the Canadian side of the boundary in the Detroit River. With this done, an all-Canadian waterway would be available into Lake Erie and it is believed that the United States would proceed with the deepening of the upper lake channels in order to extend the Deep Waterway to the head of the Great Lakes. The depths available in these channels at the present time are 25 ft. downbound and 21 ft. upbound. Deepening to the required 27 ft. depth would only be an extension of the existing United States programme in this section.

13. The total estimated first cost of the project with the navigation works on the Canadian side in the International Rapids Section is about $30,000,000 more than with such works on the United States side. A comparison of the resulting total annual cost to Canada under the two methods of procedure can only be estimated after various assumptions are made as to the division of the total capital costs between the Province of Ontario and Canada. Preliminary estimates in this regard, based on assumptions in line with past agreements as to the division of costs made in 1941, show that the resulting total annual cost for navigation would not be any greater than with the plans proposed in the 1941 Agreement. Moreover, even though Canada paid the whole of the first cost, a considerable share of the annual charges would be borne by the United States through the collection of tolls. Canada would be entitled to levy tolls in such a waterway provided they do not discriminate against the United States. The preparation of a schedule of tolls would be free from the difficulties of negotiation mentioned in paragraph 8 above. A table is

attached,† outlining the costs of such a project in comparison with costs under other methods of procedure.

863. DEA/1268-D-40

Note du sous-secrétaire d'État suppléant aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Deputy Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], August 9, 1950

In a telegram commenting on a draft memorandum on the St. Lawrence project which the Interdepartmental Committee on the St. Lawrence is preparing, Mr. Wrong has given us some interesting information about the United States Government's present attitude towards the 1941 St. Lawrence Agreement.

2. The following is the relevant extract from this telegram (WA-1654 of August 2†):

"1. In the course of our discussions with the State Department on the point raised in paragraph 4 of your letter, we learned in strict confidence that, about three weeks ago, the White House gave consideration from the point of view of defence at this time to the importance of the construction of additional power facilities and of a deep waterway on the St. Lawrence. As a result, the President directed Secretary of Commerce Sawyer to undertake a survey to ascertain what would be the Congressional reaction if new efforts were made *at this session* to secure Congressional approval of the 1941 Agreement. This survey is now being conducted under the supervision of Assistant Secretary of Commerce [Thomas W.S.] Davis. The State Department hope to have some information to convey to us some time next week concerning the progress of this survey.

2. According to information secured by the State Department from the Department of Commerce, the present plans of the Administration call for the 1941 Agreement being pressed in Congress, if there appears to have taken place an appreciable shift of opinion, which makes it possible that approval might be obtained. The project would be "dressed in uniform" and presented as a strictly military measure. If it is decided to proceed with this plan, Chairman Symington of the National Resources Board will request Secretary of Commerce Sawyer to make renewed efforts to secure approval of the Agreement on account of its importance as a defence project.

3. I understand that the prevailing sentiment in the Department of Commerce is that the defence argument, on which reactivation of the project in Congress would be based, would lose much of its strength, if too much time elapsed before renewing efforts to secure approval, since it would appear that the value of the dual project from the point of view of defence only occurred to the Administration on second thought. For this reason, some of the officers of the Department of Commerce who are concerned with the matter favour swift

action, under the pressure of emergency, should the current survey reveal that the increase in support is substantial enough to warrant re-opening the issue.

4. Referring to the point raised in paragraph 4 of your letter, our informant in the State Department stated that, in this time of "creeping crisis", he thought that the defence value of the project would not be weakened in the eyes of Congress by the amount of manpower and material resources to be applied to its construction, as those resources would not yet have been devoted to more urgent tasks of national defence. The situation, however, would be different if the United States were to enter a major war.

5. He emphasized very strongly that the information given us was confidential and had not even been passed on to their Embassy in Ottawa. He stressed that the present plans would have to be given up if any information on their nature leaked out, especially to the opponents of the project. For this reason, I should be grateful if you would treat this information with the utmost care.

6. My judgment of the new developments described above is that they should be viewed with caution and not too much optimism. If an unsuccessful attempt is made to secure Congressional approval at this session, it might facilitate passage of the legislation by the next Congress."

E. R[EID]

864. DEA/1268-D-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1847 Washington, August 18, 1950

CONFIDENTIAL

My WA-1654 of August 2nd.† St. Lawrence waterway and power project.

The Canadian Desk today advised me that the Department of Commerce have been unable to arouse any great interest in the St. Lawrence project at the present time. They state that members of Congress are so engrossed with other matters that the prospects for any action at this session of Congress appear to be nil.

The Administration, however, intends to pursue its idea of having the project "dressed in uniform" and will present it in this manner to the next session of Congress.

865. DEA/1268-D-40

Le sous-secrétaire d'État adjoint aux Affaires extérieures au ministre de l'ambassade aux États-Unis

Assistant Under-Secretary of State for External Affairs to Minister, Embassy in United States

CONFIDENTIAL Ottawa, October 28, 1950

Dear Don [Matthews],

The Interdepartmental Committee on the St. Lawrence is still working on the proposed memorandum for the Cabinet Committee on Economic Policy concerning future action on the St. Lawrence project. You will remember that we sent a preliminary draft to the Embassy for comments in July (our letter X-2118 of July 25).

2. I now enclose the latest draft, dated October 26.† This is still preliminary and has not yet been seen even by the Under-Secretary. Some of the ideas in this draft (particularly in paragraphs 15-16) resulted from discussions with General McNaughton, whose opinions on this subject have been partly formulated in informal and unofficial talks he has had with the United States members of the International Joint Commission and with other United States engineers and officials.

3. The General firmly believes that there will be very little chance of President Truman consenting to the New York-Ontario separate power plan, on the grounds that he has come out too strongly and too often in public against anything less than the combined development for power and navigation, and that he strongly favours Federal development of St. Lawrence power instead of State development.

4. My own feeling is that he underestimates Mr. Truman's willingness to change his mind when the occasion dictates and that he does not realize how much pressure Canada could put on the President, which would, no doubt, be reinforced by similar pressure from New York State (especially if Governor Dewey[63] is re-elected). I should be glad to know what you think about this point. I should also like to know whether you have any information about the President's views on Federal versus State development of St. Lawrence power. I understood that New York would operate the power plant even if the 1941 Agreement were approved, under an existing agreement between the Federal and State Governments. If that is correct, it would hardly be consistent for the President to oppose the New York-Ontario plan on that ground.

5. General McNaughton recognizes that the New York-Ontario plan would be preferable to the third plan described in this memorandum (paragraph 15). He thinks, however, that the latter will have to be adopted and he maintains that his United States colleagues on the Commission share his views. He believes the main stumbling block in Congress is the Senate Foreign Relations Committee, and that it could be by-passed under this plan. Congress would have to provide funds but that

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[63] Le gouverneur Thomas Dewey, candidat républicain aux élections présidentielles américaines de 1948.
Governor Thomas Dewey, Republican candidate in 1948 United States presidential election.

would be dealt with by other committees and then by each House as a whole. While I have always understood that the Foreign Relations Committee under Connally's chairmanship was a real obstacle, I am by no means convinced that the necessary appropriation of funds would be easy to get through Congress. What are your views on this point and on the feasibility of the third alternative as a whole?

6. The section on the time factor in this memorandum is highly tentative but will give you some idea of what we are facing. You might wish to comment on paragraph 22(a), and 25(a) and (c).

7. There is one other point on which we would greatly appreciate having your views. In the first sentence under "Conclusions" we suggest that we should be able to determine by about March 1st whether Congress is likely to approve the 1941 Agreement in 1951. Do you think we would be able to judge this earlier than March 1st? Or is March 1st itself likely to be too early to tell?

8. Finally, you may wish to comment on the last paragraph, on the question of publicity.

9. I recognize that these requests add up to a pretty tall order, but we are anxious to avoid going astray on any of these points when so much is at stake.

Yours sincerely,
H.O. MORAN

866. DEA/1268-D-40

L'ambassade aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures

Embassy in United States
to Under-Secretary of State for External Affairs

LETTER NO. 3030 Washington, November 27, 1950

CONFIDENTIAL

Reference: Mr. Moran's letter to Mr. Matthews, October 28th.

ST. LAWRENCE AGREEMENT

Since receipt of your letter officers of the Embassy have discussed the St. Lawrence Agreement with officers of the State Department, the Federal Power Commission and the Great Lakes-St. Lawrence Association.

2. Your letter under reference raises six main questions, which are set out below, together with the comments of the Embassy.

(i). What are the chances that the President would agree to State development of power rather than Federal development of power in the international section of the St. Lawrence River?

Until last winter it had always been assumed that power plants erected on the United States side of the international section of the St. Lawrence River would be operated by the State of New York. The proposal at that time was to have construc-

tion for which the United States was responsible built by the Federal authorities. Upon completion the plant would be turned over to the New York power authority to operate and New York would repay the cost of construction on an amortization basis. Section 5 of H.R. 271 and S.R. 99, which was submitted to the 81st Congress, provided for this method of construction and financing. You were advised in despatch #440 of February 18, 1950,† that the Administration was considering a proposal that this clause should be deleted from the resolution since the Administration wished to open the question of the possibility of the Federal authorities operating the plants. Recently we have been advised by Mr. de Luccia, Chief of the Bureau of Power of the Federal Power Commission, that the Administration has decided not to re-open this question and that it is now ready to accept State operation of any power plants.

In the F.P.C. consideration is now being given to the possibility of New York State not only operating the plants but paying for the original cost of construction. It is expected that all large appropriations will, in the 82nd Congress, be strenuously opposed by certain Senators and Congressmen on grounds of economy irrespective of the merits of the project to be financed. If the original financing of power development on the St. Lawrence were to be the responsibility of the State of New York no Federal appropriations would be required and this cause of opposition would be removed. It is understood that this proposal has not yet been taken up with the White House.

(ii). The chance of the President approving a separate power development.

The President has in the past come out strongly against a separate power development and it would be difficult for him to retreat from this position. We are advised, however, that the recent public opposition of the President to a separate power development originated at a press conference in reply to an unexpected question and without briefing by the officials of the Departments concerned. Therefore, his statement did not represent the thinking of his advisers and it is quite possible that they might recommend strongly a separate development if this were suggested by Canada. It is almost certain that the F.P.C. would back such a proposal.

The President, however, has on more than one occasion during the last year or two expressed in discussion with Canadian Ministers his strong support for the entire project, and has stated that he has been convinced of its soundness in the national interest since, as a junior Senator, he went into it thoroughly in the middle thirties.

If sufficient pressure for a separate power development by New York and Ontario can be exerted by Canada and by Congress it is possible that the President would be ready to change his position, particularly if Canada expressed an intention to go ahead with the seaway development alone.

While a proposal for separate power development would not receive the active support of the interests in the mid-west states which are primarily interested in the seaway, most of the active opponents of the whole project would also drop their opposition as they are primarily interested in the transportation aspects. New York State would probably obtain the support of other States since there appears to be

little opposition to public development of power facilities by States, as opposed to private development.

(iii). The possibility of proceeding by means of a submission to the International Joint Commission without Congressional action.

This suggestion appears to be politically impossible. Congress is very jealous of its rights and all members of Congress, even those who are supporters of the St. Lawrence Agreement, would probably react violently to any attempt by the Administration to bypass Congress, particularly on a matter that had been before Congress for nearly twenty years. Even if the Administration were ready to proceed with a recommendation to the I.J.C., which is most doubtful, the matter would be bound to come before Congress as any plan to construct a seaway would require Federal appropriations. It is probable that such appropriations, under these circumstances, would not be passed; in any event a request for appropriations would result in a bitter fight in Congress and the Administration is bound to be faced with sufficient fights during the 82nd Congress without taking any action such as this.

Quite apart from difficulties that would be experienced in securing the passage of an appropriation bill it is doubtful whether all matters pertaining to the construction of a seaway could be dealt with by the I.J.C. without an agreement or treaty covering matters such as navigation rights, tolls, etc.

(iv). Timetable.

It is always extremely difficult to estimate the time needed by the U.S. Administration to secure action in Congress on any important matter. The time suggested for the various steps in paragraph 22(a) of the fifth draft of a memorandum for the Cabinet Committee on Economic Policy, dated October 26th, appear to be as good an estimate as is now possible. As mentioned in section 3 above, there appears to be no possibility of proceeding by submission to the I.J.C. and, therefore, the timetable suggested for this procedure in paragraph 25 of the memorandum does not arise.

(v). The prospects for Congressional approval of the 1941 Agreement in the first session of the 82nd Congress.

There appears to be little doubt that the President will press for early approval of the 1941 Agreement. We would be ready to estimate by March, 1951, the prospects of Congressional approval. By that time we will know the composition of the relevant Congressional committees and sub-committees and will be able to forecast the stand which will be taken by leaders of both parties in both houses. It is doubtful, however, if by that time it will be possible to make an estimate of the time when the Agreement will reach the floor of the two houses for a vote. Undoubtedly the first session of the new Congress will have to deal with many important matters and the probability of a conflict between the Administration and Congress may be most time-consuming. Therefore, even though at that time it may appear that Congress would act favourably on the 1941 Agreement, it will undoubtedly be impossible to forecast the time when such Agreement could come into force so that any elements of doubt would be removed.

(vi). Canadian publicity in favour of the Agreement.

A carefully coordinated plan to bring to the attention of the U.S. public and to members of Congress the Canadian attitude on the 1941 Agreement will be essential early next winter. Mr. de Luccia of the Federal Power Commission made the suggestion that at that time a few speeches by Canadian Cabinet Ministers before a carefully selected audience would be helpful. He pointed out that at the executive hearings on the Niagara Treaty the members of the Senate Foreign Relations Committee were greatly interested in the Canadian needs for development of additional power and in the attitude of the Canadian Government towards the Treaty. While consideration by Congress will undoubtedly be based primarily upon consideration of the effect of the project on the United States economy, the needs of Canada and the effect of inaction on Canadian-U.S. relations will exert an important influence on members of Congress.

I think it is advisable that Canadian statements on this matter be withheld until the new Congress meets. Statements at this time, either in Canada or in the United States, will get publicity in the U.S. press. However, if the same statements are repeated two months from now, at which time publicity would be of most use, the press might well consider that they were no longer of news value and their treatment might be cursory.

3. It is too early to form any firm opinion of the effect of the recent elections on the prospects of the 1941 Agreement. According to Dr. [N.R.] Danielian of the Great Lakes-St. Lawrence Association five known supporters of the Agreement have been defeated in the Senate, but this loss is offset by the defeat of certain opponents, notably Senator Tydings. The Association expects Senator Taft to come out strongly in support of the Agreement and to carry with him the Republican Senators from the mid-west and possibly on account of his growing influence a large number of Republicans from other areas. Supporters of the project are cautious when commenting on the effect of the election, but appear to be somewhat more optimistic.

4. The White House appears to have given no recent thought to the matter and those in the State Department at a junior level who should be concerned with the problem say that since the Agreement has become so deeply involved in politics the State Department will do nothing and will not decide upon any policy line until direction is received from the White House. We are taking steps to draw attention to the need for some early action by the President designed to stimulate the activities of the interested departments and agencies before the new Congress meets.

5. In paragraph 22(a) of the draft memorandum to the Cabinet Committee on Economic Policy you refer to the time required to arrange for the inclusion of a control dam in the plans for power development. In the course of our discussions with U.S. officials it has become apparent that the U.S. engineers connected with the project consider that a control dam is unnecessary and will be ready to oppose its inclusion in the plans strenuously on the basis of economy.

6. My impression of the public attitude towards approval of the complete St. Lawrence project is that active opposition has substantially declined, although the hostility of the railroads and port authorities on the eastern seaboard has not abated. The decline of active opposition, however, has not as yet resulted in a marked

increase in positive public support. Many who now are inclined to favour the early construction of the entire project have had their judgment affected by regional rather than national considerations, such as the shortage of low-cost power in the northeast at a time when the economy is rapidly expanding and the need for a new and economical source of iron ore by some of the big steel manufacturers. Unfortunately, the basic national arguments in favour of an early start at construction cannot be readily dramatized so as to stimulate popular support in the southern, southwestern and far western regions of the country. Hence it is impossible as yet to give a confident answer to the question whether the more favourable atmosphere which has developed is powerful enough to influence a sufficient number of votes in the Congress.

7. Three new members will have to be appointed to the Senate Foreign Relations Committee at the opening of the first session of the 82nd Congress. Of the continuing members on the Democratic side, three (Senators Connally, George[64] and Fulbright[65]) are from the uninterested south, and two (Senators McMahon and Green[66] from New England, which has been the seat of much active opposition. On the Republican side, it is likely that Senators Vandenberg,[67] Wiley[68] and Hickenlooper[69] will favour prompt consideration, whereas Senator Lodge is a leader of the opposition to the project and Senator Smith[70] of New Jersey will probably also be opposed. Even if the two Democrats and one Republican who will be appointed to the Committee were all to be strong supporters of the project, which is most unlikely, the majority in it would continue to be either hostile or indifferent.

H.H. WRONG

[64] Sénateur Walter F. George (démocrate) Georgia.
Senator Walter F. George (Democrat) Georgia.
[65] Sénateur James W. Fulbright (démocrate), Arkansas.
Senator James W. Fulbright (Democrat), Arkansas.
[66] Sénateur Theodore F. Green (démocrate), Rhode Island.
Senator Theodore F. Green (Democrat) Rhode Island.
[67] Sénateur Arthur H. Vandenburg (républicain), Michigan.
Senator Arthur H. Vandenburg (Republican), Michigan.
[68] Sénateur Alexander Wiley (républicain), Wisconsin.
Senator Alexander Wiley (Republican), Wisconsin.
[69] Sénateur Bourke B. Hickenlooper (républicain), Iowa.
Senator Bourke B. Hickenlooper (Republican), Iowa.
[70] Sénateur Alexander Smith (républicain), New Jersey.
Senator Alexander Smith (Republican), New Jersey.

867. DEA/1268-D-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

DESPATCH 3222 Washington, December 13, 1950

CONFIDENTIAL
Reference: Your EX-2515 of December 7th.†

ST. LAWRENCE PROJECT

1. I saw Mr. Webb, the Under-Secretary of State who was accompanied by Mr. Benninghoff, on December 11th in order to put to him the proposal for an early informal meeting of experts to exchange information on the latest estimates of the cost of the project. Mr. Webb thought well of the idea and instructed Mr. Benninghoff to take it up at once with the agencies concerned. At his suggestion a memorandum was later left at the State Department to assist him in discussing the matter. The memorandum proposed "that an informal meeting be held by the engineering experts of the two countries in order to exchange information or the latest estimates of cost". It suggested that such a meeting should be held before the middle of January and that detailed arrangements should be made with Mr. G.A. Lindsay of the Department of Transport.[71] I should be glad to be promptly informed of any approach on this subject which may be made to Mr. Lindsay.

2. I went on to inquire about the arrangements contemplated for presenting the 1941 Agreement to the Congress at the next session. Mr. Webb said that he was not personally informed of the latest developments, but undertook to take the matter up himself at the White House and to pass on the information which I gave him about the urgency of rapid progress from the Canadian point of view.

3. In this connection I mentioned the sharp increase in the requirements for power of the Province of Ontario, which now indicated that there would be a shortage in the winter of 1956 to '57 unless some power from the St. Lawrence became available or additional thermal power plants were constructed. I pointed out that plans would have to be made soon to meet this estimated deficiency and that therefore it was important to be able to arrive at an estimate of the prospects of congressional approval by about the end of March. I made it clear that the Canadian Government strongly desired the approval of the 1941 Agreement at the next session of the Congress, so that actual construction might begin early in 1952 and the preliminary organizational arrangements might be made in the months preceding the beginning of construction.

4. I told Mr. Webb that if it became evident that the Congress was unlikely to approve the 1941 Agreement at the next session the Canadian Government would

[71] Guy A. Lindsay, ingénieur en chef, Direction générale du génie, ministère du Transport.
Guy A. Lindsay, Engineer-in-Charge, General Engineering Branch, Department of Transport.

probably be moved to press for a separate power development by the Province of Ontario and the State of New York, although this would be done regretfully because of the high importance which was attached to the dual project. I mentioned that when iron ore from the Labrador-Quebec deposits began to move to Montreal in perhaps three years it would be necessary to construct transit rail facilities there if the building of the seaway was not well advanced by that time. I alluded briefly in the context to the suggestions that an all-Canadian seaway might be built.

5. Finally, I said to Mr. Webb that I would welcome suggestions for any assistance which Canada might be able to offer in stimulating public interest in, and support for, the early approval of the whole project. He undertook to keep this in mind and to discuss it at the White House. I remarked, especially with reference to Senator Taft's recent public statements mentioned in paragraph 4 of my WA-3078 of November 30th,† that it might indeed become difficult in the event of early and complete economic mobilization for defence purposes to spare the manpower and materials for the accelerated construction of the project. The importance of the entire project to defence of the continent was, however, becoming more and more evident, and the sensible course seemed to be for approval for its construction to be granted as soon as possible. It could then be determined in the light of existing circumstances and supplies of manpower and materials how rapidly construction should be undertaken. He wholly agreed with this point of view.

6. I expect to have a further discussion with Mr. Webb within a few days when he has had an opportunity of consulting the President and others concerned.

H.H. WRONG

868. DEA/1268-D-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3294 Washington, December 18, 1950

CONFIDENTIAL

ST. LAWRENCE PROJECT

1. Reference my despatch No. 3222 of December 13th. Benninghoff of the State Department, who was present at my interview with Webb, reported in my despatch under reference, reported to us the discussion which took place between Stanley Woodward and Charles Murphy[72] at the White House on Saturday on the St. Lawrence project. (Charles Murphy is one of the most influential of the President's assistants). It had been Woodward's intention to see the President himself on this question but Mr. Truman, after his exertions last week, had gone to his yacht for a

[72] Charles S. Murphy, conseiller spécial du président des États-Unis.
Charles S. Murphy, Special Counsel to the President of the United States.

rest. Murphy had received a report from the State Department on my interview with Webb of December 11th. He thought that the President would welcome the idea of an informal meeting to be held by the engineering experts of the two countries in order to exchange information on the latest estimates of cost. Murphy said that if such a meeting was to be held it might be desirable to arrange it before January 15th so that as much progress as possible could be made in the early part of the next session of Congress on this question. He undertook to speak to the President about this.

2. Murphy went on to say that in his opinion the best chance of getting favourable action at the next session of Congress on the project was to have a positive endorsement of the project from Charles Wilson, the new Director of Defence Mobilization. Murphy remarked that Mr. Wilson's endorsement would be valuable not only from the standpoint of persuading Congressional critics of the project that the expenditure of manpower and resources would be justified for defence purposes, but also it might serve to quiet some New England critics of the project, having in mind Mr. Wilson's great prestige in New York in particular and New England generally.

3. Murphy thought it would also be desirable to have the support and endorsement of the Secretary of Defence in order to satisfy Congress that the project was desirable from a defence standpoint. Murphy went on to say that it was incumbent on the United States Government to study the project in the context of the new defence and mobilization planning and to establish on an objective basis whether the projects could be justified in terms of the expenditures required in men and material in the new circumstances created by the national emergency. From this standpoint Murphy said he could not at the present time be sure what answer would be given.

4. Stanley Woodward and Benninghoff at this point drew Murphy's attention to the particular importance which was now attached to progress in the project by the Canadian Government. Murphy said that this was fully appreciated in the White House. He said he would take immediate steps to bring the United States officials concerned together to consider the strategy which the Administration should adopt in the next session of Congress. In the event that this review by the United States Officials resulted in the decision that the expenditures in men and materials in the present circumstances were not justified, consideration would have to be given to the question of going ahead with a separate power development by the Province of Ontario and the State of New York. Murphy said the President would be inclined to oppose such a course. The question would also arise whether Congressional consent would be required for separate power development by the Province of Ontario and the State of New York. Benninghoff thought that a case could be made for excluding the necessity for Congressional consent on the grounds that it is covered by the Boundary Waters Treaty of 1909.[73]

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[73] Voir/See Canada, *Treaties and Agreements affecting Canada in force between His Majesty and the United States of America with Subsidiary Documents, 1814-1925*, Ottawa: King's Printer, 1927, pp. 312-318.

5. At the conclusion of the talk Murphy said that he would do everything possible to expedite the re-consideration of the St. Lawrence project by the United States officials concerned in terms of the present new mobilization effort in the United States and to consider tactics which the Administration should adopt in handling the question in relation to Congress. Benninghoff added that the White House was also aware of Mr. Howe's representations to Mr. Sawyer on the St. Lawrence project and that, having regard to Mr. Chevrier's recent statements,[74] he thought everything possible had been done for the moment both formally and informally, by the Canadian Government to bring our views to the attention of the United States Government.

SECTION C

DÉTOURNEMENT DE LA RIVIÈRE YUKON
YUKON RIVER DIVERSION

869. PCO

Note du ministre des Ressources et du Développement et du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Minister of Resources and Development and Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 36-50 [Ottawa], January 30, 1950

CONFIDENTIAL

DIVERSION OF YUKON RIVER WATERS, YUKON TERRITORY, TO PROPOSED POWER PLANTS IN TAIYA RIVER VALLEY, ALASKA

The undersigned wish to report on the above project which will utilize Canadian waters to develop a large block of power for a proposed aluminum plant in the Taiya River Valley, south-east Alaska.

The project involves the building of a dam on the Yukon River at Miles Canyon 3 miles south of Whitehorse, Yukon Territory, and the raising of the water levels of all tributary waters of the Yukon River south of the damsite, to an approximate elevation of 2,205 feet, Geodetic datum. Some 5,000 cubic feet per second of water will then be diverted south-westerly across the International Boundary, and through the Mount St. Elias Range to the Taiya River Valley, Alaska, by means of two large hydraulic tunnels. The upper or No. 1 tunnel will be 10.2 miles long and the lower or No. 2 tunnel 11.2 miles long. (See attached map†) At the lower end of each tunnel a power plant will be constructed and which will utilize a total head of some 2,200 feet to develop approximately 1,100,000 horse-power. The second or lower

[74] Canada, *Canadian Weekly Bulletin*, Volume 6, No. 3, November 24, 1950, pp. 1, 10.

tunnel will supply water to No. 2 plant at approximately sea level. The power developed will be used to manufacture aluminum from bauxite ore brought in by boat, will also supply a new town of some 2,000 aluminum workers and their families, and will be transmitted to consumers at other points where the amount of power required and the limited distance involved, makes this economically feasible.

In addition to the main power plants described above, the project includes a plant of not less than 10,000 horse-power at the Whitehorse dam to meet all requirements of the Whitehorse district that are within economic transmitting distance. Sufficient water will be released at the Whitehorse dam to meet navigation needs on the Yukon River during the season, and to develop the power that may be required in that area. The amount of water to be diverted is about one-half of the mean flow of the Yukon River at Whitehorse, and which is estimated at 10,000 cubic feet per second. The average flow of the Yukon River below the Whitehorse dam will thus be reduced by 5,000 cubic feet per second through both the Yukon Territory and Alaska. Constant uniform flow through the diversion works will be maintained by the great storage reservoir created by the Whitehorse dam.

The project first came to the notice of the Department of Resources and Development (then Mines and Resources) in October 1947, when high officials of the Aluminum Company of America (Alcoa) visited Ottawa and outlined its possibilities in informal conversations with some members of the Cabinet, and senior officials of the Department of Mines and Resources. Since that time further discussions have taken place, with Ministerial approval, on an informal and strictly confidential basis. As a result of these exchanges of views unalienated land in the Yukon Territory that might be affected has been temporarily reserved from entry and the Aluminum Company has been granted a permit under the Dominion Water Power regulations to make field surveys and investigations.

From the Canadian standpoint the interests of the Yukon Territory, and the benefits that might accrue to it from the development, are of paramount importance. These have been under frequent consideration and have been a subject of discussion from time to time with Alcoa officials. These officials have also been in touch with the province of British Columbia since the upper reaches of the Yukon River drainage basin lie in that province, and its water resources are substantially involved. British Columbia has indicated that it will take no official action on the project, nor does it wish any publicity until it has successfully completed arrangements with the Aluminum Company of Canada (Alcan) for a power development on the Nechako River, B.C. to supply an aluminum plant to be built in that province.

Within the past year the Department of the Interior of the United States has taken an active interest in the project, because of the Alaska territory and resources involved, and has suggested the desirability of the project being undertaken as a United States Government venture.

This proposal was discussed at an informal meeting of officials of the Canadian and the United States Governments held in Ottawa on the 21st and 22nd of Nov-

ember 1949.[75] The United States delegates present explained their interest in the project and expressed doubt as to whether the Aluminum Company of America would be granted the United States licences that would be required and that under these circumstances the project would preferably be undertaken by the Bureau of Reclamation of the United States Department of the Interior. The delegation strongly suggested that, as a preliminary step, the matter should be referred to the International Joint Commission. The latter would likely follow its usual practise of appointing a Joint Engineering Board composed of an equal number of engineers from the interested agencies of the two governments. This Board, after making complete field investigations including topographical surveys and borings at damsites, would submit a recommendation to the International Joint Commission which would in turn place it before the two governments concerned.

It was the view of the Canadian representatives present at the meeting that a reference to the International Joint Commission at this time was not advisable for several reasons. The most important of these was that the province of British Columbia was greatly interested and had definitely stated it could give no formal approval at this time to the project because of its negotiations with the Aluminum Company of Canada for an aluminum plant in the province, nor for the same reason did it wish any publicity to be given to the Yukon River project. It would obviously be impossible for the International Joint Commission to embark on a project of such magnitude involving public hearings and a great deal of survey work, without a large amount of publicity resulting therefrom and which would prove most embarrassing to the British Columbia Government. At the same time, a reference to the Commission would result in the United States technical personnel undertaking survey work in Canada as members of the Joint Engineering Board.

On the other hand the Aluminum Company of America is quite prepared to undertake all surveys necessary to finally determine the feasibility of the project and on which final designs and construction plans could be based. Officials of the Company stated that they were prepared to spend as much as $1,000,000 on such surveys, providing they had reasonable assurances that Canada and the United States would approve the development in so far as their respective interests were concerned.

The attitude of the United States authorities to the Aluminum Company of America, as described by the United States representatives at the November meeting, made it most unlikely that the Company could proceed with its surveys and consequently these would have to be undertaken on some other basis. The representatives at the meeting finally decided that the surveys required at this time should be made by each country in its own territory subject to certain adjustments of parties that might be necessary in view of the rugged terrain of some of the areas where surveys would be made. The undertaking of such surveys would be subject to the approval of the governments of Canada and the United States.

The latter country has indicated its agreement to this action in note No.18 of January 24th† from the American Embassy to the Secretary of State for External

[75] Voir *DREC*, volume 15, document 997./See *DCER*, Volume 15, Document 997.

Affairs. In this note the United States government also advises that they have appointed Mr. W.E. Warne, Assistant Secretary of the Interior and Brigadier-General J.S. Bradgen, Deputy Chief of Engineers, United States Army, as its representatives to co-ordinate and plan to work with Canadian representatives that may be appointed.

The stated objective is to make the required surveys without publicity, all operations and correspondence being of a strictly confidential nature.

It now rests with the government of Canada to decide whether it will accept the recommendations of the International meeting of November last and provide funds in the 1950-51 estimates for Canada's share of the survey costs, it being agreed that each country will share these equally.

It is impossible to estimate with any degree of accuracy what these survey costs will be until Canadian representatives have met with the United States representatives already appointed and discussed the extent of the surveys to be made and how much detail in the work is required. It is the present view that surveys on which final designs could be based should not be made at this time but that they should be adequate to finally determine feasibility of the project and the scope of the engineering and construction work necessary to complete the development. As a rough approximation, the sum of $300,000 to be spent over two seasons might be indicative of Canada's financial responsibility if the surveys can be limited to the lines mentioned above.

It is proposed that if the surveys are to be undertaken the current study of the economic benefits to be derived by Canada from such a project would be continued with a view to placing all the information relating to the project before the Governments at the conclusion of the engineering studies.

It is suggested that some limitations to the survey work should be considered at this time because the proposal of the United States authorities to undertake the project as a United States government venture pre-supposes the following:

(a) that the United States Congress would approve and vote the funds that would be required for the development roughly estimated at $200,000,000.

(b) that the Aluminum Company of America would be willing to buy power from the United States authorities at the price they would demand.

(c) that the Canadian authorities would agree to divert the water.

Notwithstanding these factors, it is believed that it would be desirable for Canada to proceed with the survey work without any commitments at this time in regard to the diversion of water or construction, and subject to there being no serious objections from the province of British Columbia to having surveys undertaken by Canadian parties in that province.

The undersigned recommend accordingly and also that authority be given to include the sum of $150,000 in the 1950-51 estimates together with approval for

the appointment by Governor-in-Council of Canadian representatives to work with the American representatives already appointed.[76]

[R.H. WINTERS]
[L.B. PEARSON]

870. PCO/Vol. 208

Note du sous-ministre des Ressources et du Développement pour le ministre des Ressources et du Développement

Memorandum from Deputy Minister of Resources and Development to Minister of Resources and Development

Ottawa, March 29, 1950

PROPOSED YUKON WATER DIVERSION

The essential facts in connection with this proposal are as follows:

(1) The original suggestion was made by officers of the Aluminum Company of America in October, 1947. Mr. Howe and Mr. MacKinnon were the Ministers concerned at that time. (Mr. Glen was ill.)

(2) In all subsequent discussions the Canadian representatives have stressed first that maximum benefits must be provided to Canada, and second that no agreement will, or can be, reached except with the prior approval of the Government of British Columbia.

(3) The British Columbia Government will not approve the Yukon diversion proposal until the Aluminum Company of Canada has entered into a firm agreement for the development of a large aluminum project in British Columbia itself.

(4) The British Columbia Government and then (February, 1949) the Federal Government have reserved from entry all lands that might be affected by raising the water levels in the Yukon and British Columbia lakes. Both Governments have also given the Aluminum Company of America permission to carry on exploratory surveys.

(5) In July, 1949, the United States Government made an official approach to the Canadian Government, asking that the proposal be referred to the International Joint Commission. This proposal was discussed in some detail by the Canadian Departments concerned, and it was unanimously agreed that it should not be accepted. The Department of External Affairs finally proposed to the United States Government that informal discussion at the official level should be arranged.

(6) When the discussion referred to above took place (in November, 1949), the United States representatives again urged very strongly that the matter be referred

[76] Le cabinet a reporté sa décision le 1er février 1950 en attendant une étude ultérieure sur les avantages que procurerait ce projet au Canada.
Decision deferred by Cabinet on February 1, 1950 pending further study of the benefits which might accrue to Canada from this project.

to the International Joint Commission. Canadian officials refused to agree to this proposal and suggested as a substitute that arrangements be made, at a Departmental level in Washington and Ottawa, for an exploratory field and economic survey. The United States officials reported this proposal to their Government, and it was finally accepted. They appointed the Assistant Secretary of the Interior and the Deputy Chief of Engineers, United States Army, as American representatives to cooperate with departmental officials to be appointed by Ottawa in arranging for the proposed surveys. This decision was communicated to the Canadian Government on the 24th of January, 1950, and there have been repeated requests from the United States Embassy ever since asking for the appointment of Canadian officials to deal with the Americans mentioned above.

(7) All of the Canadian officials concerned in the consideration of this matter are satisfied that very considerable benefits would result to Canada from the proposed development. It would involve an expenditure of some $40,000,000 or $50,000,000 in the Yukon and northern British Columbia. It would provide electric power at a very low rate for any conceivable development of mining or other industry in the Yukon. It would improve navigation conditions on the Yukon River and it would result in financial payments of the order of $400,000 a year to be divided between the Canadian and British Columbia Governments.

(8) It has been suggested that the construction of a big aluminum plant on the American side of the Yukon-Alaska border would mean increased competition for the Aluminum Company of Canada. This is denied by the officials of the Aluminum Company of America who say that the Alaska plant would produce solely for domestic consumption within the United States and that, in fact, a very large part of its output would be used for United States military purposes. It is also understood that the proposed Aluminum Company of Canada plant in British Columbia would be engaged in manufacture solely for export. It is also argued that the demand for aluminum is increasing so rapidly that the supply will have difficulty in maintaining an equal pace. *In any case, the Aluminum Company of Canada knows about the Alaska project and if they object to it, they can insist as a term of their agreement with the Province of British Columbia that the Province shall refuse to agree to the Alaska development. If British Columbia refuses to participate, the whole project will have to be abandoned.*

H.L. KEENLEYSIDE

871. PCO/Vol. 208

Le secrétaire du Cabinet
au sous-ministre des Ressources et du Développement

Secretary to Cabinet
to Deputy Minister of Resources and Development

Ottawa, April 4, 1950

Dear Hugh [Keenleyside],

Thanks for sending me a copy of your note to your Minister about the Yukon Power Development Project. My only comment is on paragraph 8 — the relationship between the Alcoa project and the Aluminum Company of Canada project.

I am afraid that, if Alcoa decides to go ahead with the Alaska development, then the British Columbia project may be abandoned. The location of additional aluminum capacity, assuming comparable production costs, may well depend on the United States tariff. If low cost aluminum is made available from Alaska, within the United States customs tariff, our chances of getting the United States tariff on aluminum removed would vanish. On the other hand, if the Aluminum Company of Canada go ahead with their British Columbia project, thus enormously increasing its capacity to produce low cost aluminum, the chances are, it seems to me, that Alcoa would not think it profitable to proceed with its Alaska plans.

It may be, as you say, that the situation remains in the control of the British Columbia Government, which can make its consent to the diversion and storage at Atlin Lake contingent on its concluding a satisfactory agreement with the Aluminum Company of Canada. My feeling, however, is that there is a national interest over and above the Provincial interest in promoting the British Columbia development ahead of the Alaska-Yukon project.

Yours sincerely,
[N.A. ROBERTSON]

872. PCO/Vol. 208

Le sous-ministre des Ressources et du Développement
au secrétaire du Cabinet

Deputy Minister of Resources and Development
to Secretary to Cabinet

CONFIDENTIAL Ottawa, April 4, 1950

Dear Norman [Robertson],

I have just received your letter about the proposed Yukon water diversion. Apparently my memorandum to the Minister and the preceding documents† on this subject were not as clear as I thought they were.

So far as I know, everyone in Canada who knows anything about this project, including not only the Ministers of the Crown and the members of the British Columbia Government but all the officials of this Department including myself, agree that the British Columbia aluminum project should have priority over the proposed Alaska development. We are all at one in supporting the British Columbia determination to get the Aluminum Company of Canada tied up in an unbreakable agreement before giving any consideration to the diversion of British Columbia and Yukon waters into Alaska.

The point that I tried to make in my memorandum was that the situation is wholly in the hands of the British Columbia Government who possess an absolute veto over the Alaska project through their ownership of the larger part of the essential water. We are all behind Johnson[77] and his colleagues in their determination to use their favourable position to bring about this big development in Canada.

The best advice that we can get here is that *both* projects will be required by the vast expansion of the demand for aluminum. In order that there may be no unnecessary delay *after* British Columbia has got its plant, we feel that we should go ahead now with preliminary studies of the second project. The benefits that will accrue to Canada from the Alaska development, while not in the same class with those flowing from the British Columbia project, are, nevertheless, of a very considerable magnitude. The expenditure of fifty million dollars in the Yukon and the provision of an almost unlimited supply of low-cost power there may have a tremendous effect on the future of that part of Canada.

But let me reiterate that we are all, without exception, agreed that the British Columbia project must come first.

Yours sincerely,

HUGH [KEENLEYSIDE]

873. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET Ottawa, April 5, 1950

. . .

RESOURCES AND DEVELOPMENT; YUKON POWER PROJECT; PROPOSED SURVEY

17. *The Minister of Resources and Development*, referring to discussion at the meeting of February 1st, said that after further examination, it was recommended that the United States be informed that the Canadian Government was prepared to authorize its officials to participate in preliminary field and economic surveys for the proposed diversion of Yukon River waters for a hydro-electric power development in Alaska. At the same time it should be made clear to the U.S. authorities

[77] Byron Ingemar Johnson, premier ministre de Colombie-Britannique.
Byron Ingemar Johnson, Premier of British Columbia.

that the agreement was on the understanding that it involved no commitment for future action.

An explanatory memorandum had been circulated.

(Minister's memorandum, April 1, 1950 — Cab. Doc. 105-50)†

18. *The Acting Prime Minister* said that it seemed difficult to withhold agreement to participation in the surveys. However, it had to be recognized that the development of aluminum production in Alaska, for which the power project was designed, might have unfortunate results for Canada. Additional supplies of low cost aluminum produced within the U.S. customs tariff would lessen what chance there was of getting the U.S. tariff on aluminum removed. If the Alaska plant were constructed, the Aluminum Company of Canada might not go ahead with its plans for new development in British Columbia. It had, however, been suggested that the B.C. Government would not agree to the water diversion unless it had assurance that the Aluminum Company of Canada would construct its B.C. plant.

19. *The Cabinet*, after considerable discussion, approved the recommendation of the Minister of Resources and Development and agreed that the Department of External Affairs inform the United States Embassy that the Canadian Government was prepared to authorize its officials to participate in the proposed preliminary field and economic surveys for a diversion of Yukon River waters on the distinct understanding that such agreement involved no commitment as to future action.

. . .

3e PARTIE/PART 3

LE SYSTÈME DES GRANDS LACS : TRAITÉ SUR LE DÉTOURNEMENT DE LA RIVIÈRE NIAGARA
GREAT LAKES SYSTEM: NIAGARA DIVERSION TREATY

874. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 56-50 [Ottawa], February 18, 1950

CONFIDENTIAL

NIAGARA DIVERSION TREATY

On November 17, 1949, the Cabinet agreed that officials of the Departments of External Affairs, Mines and Resources and Transport, together with experts from Ontario, should engage in discussions with United States officials to try to reach agreement on a draft Niagara Diversion Treaty for submission to the Governments concerned. The Treaty would supplement the Boundary Waters Treaty of 1909 and

amend Article V of that Treaty with respect to the diversion of water from Niagara Falls, and the division of diverted water between the two Governments. At appendix A attached† is a statement of provisions that the Cabinet agreed the Canadian group should seek to have embodied in the draft treaty. The Premier of Ontario concurred in this statement.

2. At Appendix B attached† is the draft Niagara Diversion Treaty which has been agreed upon, and which is concurred in by the Departments of Transport and Resources and Development. This draft treaty embodies the substance of most of the desiderata set out in Appendix A. However, the Canadian group were unable to obtain United States agreement to the provision regarding the diversion at DeCew Falls (Appendix A, paragraph 2). This proved to be entirely unacceptable to the United States authorities. Since the amount of water involved is small, the Canadian group, with the full consent of the Ontario Hydro representatives, finally yielded this point.

3. Since 1909 Canada has had authority to divert 16,000 cubic feet per second more water than the United States. Both countries, however, have had the use of power produced by approximately equal amounts of water because of the export from Canada to the United States of the power produced by about 3600 cubic feet of water per second. The attached draft Niagara Diversion Treaty provides for an equal division of water between the two countries, with the exception provided in Article VIII that "until such time as there are facilities in the territory of one party to use its full share of the diversions of water for power purposes agreed upon in this Treaty, the other party may use the portion of that share for the use of which facilities are not available". No provision is made in the draft treaty for termination of the existing export contracts. The meaning of Article VIII is essentially the same as the formula the Canadian group were instructed to seek (Appendix A, paragraph 6) and to which the Ontario Hydro representatives and the Premier of Ontario had agreed.

4. During the discussions in Washington, however, the Ontario Hydro representatives came to the conclusion that this formula would be inadequate, since it makes no provision for termination of the existing export contracts. Their fear is that once the United States has facilities to use the full United States share of the water, the export of power may continue, using Canadian water. Despite the equal division of water, there would be an unequal division of power. The Canadian group then tried to obtain a provision to the effect that while exports of power under contract continued, the water used in Canada to produce that power would be regarded as water diverted by the United States. The United States officials refused to accept this, arguing that it would be improper to recognize private contracts in a treaty, and that this wording would mean that a private United States company, by entering into a contract to import power from Canada, could reduce the amount of water available on the United States side.

5. The suggestion was then made that a letter might be sent from the Canadian Embassy to the United States Department of State, pointing out that when the United States has facilities to use its full share of water the Canadian Government might not renew existing permits for the export of firm power at Niagara if that

power is needed in Canada. The United States group agreed that this was a reasonable method of dealing with this problem, and indicated that the State Department would be willing to give a favourable acknowledgement to such a letter. To strengthen the hand of the Canadian Government the following phrase was inserted in the Preamble to the Treaty: "Desiring ... to make it possible for the United States of America and Canada to develop, for the benefit of their respective peoples, equal shares of the water of the Niagara River available for power purposes ..." The Chairman of the Hydro Electric Power Commission of Ontario has indicated that in his opinion the Ontario Government will not concur in the Niagara Diversion Treaty, unless it is accompanied by the sending of such a letter to the Department of State. A draft letter which might be suitable for this purpose is attached at Appendix C. This draft has been concurred in by the Department of Trade and Commerce.

6. The Prime Minister, in his letter of November 24, 1949, to the Premier of Ontario,[78] pointed out that an Agreement between Canada and Ontario would need to be concluded in connection with this Treaty. A draft Agreement is attached at Appendix D.† The Departments of Transport, Resources and Development, Justice, Finance, Public Works and Secretary of State have concurred in this draft.

7. The Chairman of the Hydro Electric Power Commission of Ontario, after consulting with the Premier of Ontario and the Chairman of the Niagara Parks Commission, has stated that the draft Treaty, draft letter regarding the export of power, and draft Canada-Ontario Agreement are satisfactory to Ontario.

8. If the Cabinet approves the draft Treaty and the draft Canada-Ontario Agreement, I think it would be appropriate to seek the formal approval of the Premier of Ontario to these drafts. However, the Canadian Ambassador has indicated that if the Treaty can be signed before February 27, there is a good prospect of approval by the United States Senate at this session. He has stressed the desirability of early action to take advantage of this prospect. The Cabinet might therefore wish to authorize signature of the Treaty while awaiting formal notification of Mr. Frost's approval.

9. The United States authorities have suggested that, to save time, the Treaty be signed in Washington. I suggest that the Canadian Ambassador might be authorized to sign the Treaty for Canada. I think it would be appropriate that the Canada-Ontario Agreement be signed by the Prime Minister and the Minister of Resources and Development.[79]

L.B. PEARSON

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[78] Voir *DREC*, volume 15, document 978./See *DCER*, Volume 15, Document 978.

[79] Voir Canada, *Recueil des traités*, 1950, N° 3. Le Cabinet a approuvé le projet de traité, le projet de lettre sur l'exportation d'hydro-électricité et le projet d'accord Canada-Ontario lors de sa réunion du 21 février 1950. Il a également résolu de solliciter l'approbation du premier ministre de l'Ontario pour ces projets. L'ambassadeur du Canada aux États-Unis a reçu l'autorisation par décret de signer le traité.
See Canada, *Treaty Series*, 1950, No. 3. Cabinet approved the draft treaty, the draft letter on the export of power and the draft Canada-Ontario Agreement at its meeting on February 21, 1950. It also agreed to seek formal approval of these drafts from the Premier of Ontario. An Order-in-Council was passed authorizing the Canadian Ambassador in the United States to sign the treaty.

[APPENDICE C/APPENDIX C]

Projet d'une lettre de l'ambassadeur aux États-Unis au département d'État des États-Unis

Draft letter from Ambassador in United States to Department of State of United States

CONFIDENTIAL [n.d.]

EXPORT OF POWER AT NIAGARA

Article V of the Boundary Waters Treaty of 1909 allocated to Canada 36,000 cubic feet per second, and to the United States 20,000 cubic feet per second, of the water of the Niagara River for power purposes. It seems to be evident that one reason why a differential of 16,000 cubic feet per second was established in Canada's favour was that some of the power plants in existence and under construction at Niagara at that time were designed to produce power for export to the United States.

2. Although the power produced on the Canadian side at Niagara by approximately 8600 cubic feet per second of the Canadian share of water is still being exported to the United States, the differential of 16,000 cubic feet per second in Canada's favour will be eliminated by the Niagara Diversion Treaty now under consideration. Article VI provides that:

"The waters made available for power purposes by the provisions of this Treaty shall be divided equally between the United States of America and Canada."

3. At the same time, however, Article VIII of the new Treaty reads:

"Until such time as there are facilities in the territory of one party to use its full share of the diversions of water for power purposes agreed upon in this Treaty, the other party may use the portion of that share for the use of which facilities are not available."

4. I should like you to know that, when the United States has the facilities to use the full United States share of the water made available by the Treaty, Canadian export licenses then in effect would not be renewed unless circumstances existing in Canada at that time make such a course desirable.

5. This would be in accordance with the intention expressed in the fourth paragraph of the Preamble to the Niagara Diversion Treaty, which reads in part as follows:

"Desiring ... to make it possible for the United States of America and Canada to develop, for the benefit of their respective peoples, equal shares of the waters of the Niagara River available for power purposes."

875. DEA/1268-K-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-487 Washington, February 25, 1950

RESTRICTED. IMMEDIATE.

NIAGARA DIVERSION TREATY

With reference to the draft letter to be submitted before the signing of the Niagara Diversion Treaty Monday, February 27th, Snow told us today that State Department would not question the right of the Canadian Government to express its intent not to renew Canadian export licences for power when the United States has the facilities to use the full United States share of the water made available under the new Treaty. State Department hoped, however, that this would be done in such a form that it would not require ratification by the Senate together with the text of the Treaty. For this reason they have suggested that the form should be an aide mémoire and not a letter, and also that it should be a statement of intent on the part of the Canadian Government and not, repeat not, an interpretation of the Niagara Diversion Treaty.

2. The text of the draft letter, as given to Matthews in a telephone conversation Friday, February 24th, would, in the opinion of Snow, require very little change. The language of the operative paragraph beginning "I should like you to know that when the United States has the facilities ..." would have to be altered from the first person to the third person. The final paragraph beginning "This would be in accordance with the intent expressed in paragraph 4 of the preamble to the Niagara Diversion Treaty ..." would be liable to give rise to difficulties as the language proposed can be construed as an interpretation of the Treaty. Snow, therefore, hoped you might agree to having this paragraph omitted altogether. A suggested revision of the text drafted in the form of an aide mémoire is contained in my immediately following teletype.†

3. Snow also said it would be necessary for the State Department to make a reply to our aide mémoire, reserving its position in general terms. In explanation Snow said that while the United States Government fully recognized the right of the Canadian Government to terminate the export of power following the conclusion of the Niagara Diversion Treaty and to state its intent to do so before the Treaty is signed, the United States Government on its side would have to indicate that they would reserve the right to take whatever action may be required to protect United States interests in the event that export licenses are terminated.

4. As the drafting involved required legal advice and the Legal Adviser to the State Department is not available on Saturday morning, Snow has suggested a meeting at 9 o'clock Monday, 27th February, in his office to agree on the text of an aide mémoire and a United States acknowledgment.

876. DEA/1268-K-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-497 Washington, February 27, 1950

RESTRICTED

NIAGARA DIVERSION TREATY

An aide mémoire dated February 24th was left with the State Department in the terms set out in my WA-488 of February 24th.†

2. A reply also dated February 24th was handed to us, reading as follows:

"The Department of State has taken note of the aide mémoire of the Canadian Embassy dated February 24th, 1950 regarding the Niagara Diversion Treaty. Without denying the right of the Canadian Government to reserve to its own people the use of the power developed by the Canadian share of the waters of the Niagara made available by the Treaty, which will be equal to the American share, the Department of State assumes that in the event of any refusal of export licenses for power produced from that share, due regard will be had to any contractual rights then existent, and in which American citizens or companies may have an interest."[80]

877. DEA/1268-K-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-589 Washington, March 9, 1950

CONFIDENTIAL

Following for Reid from Matthews, Begins: Your EX-420.† Niagara Diversion.

1. I called on Snow today to discuss with him the article in the *Buffalo Evening News* which reports the President as saying that he considers the Niagara Diversion Treaty and St. Lawrence Agreement as "one package".

2. State Department have sent a report on the Niagara Treaty to the President. Snow advises me that the message conveying the Treaty to the Senate is being drafted by the White House Staff and, therefore, State Department have no knowl-

[80] Le traité a été signé durant la même réunion. Voir Canada, *Recueil des traités*, 1950, N° 3.
The Treaty was signed at the same meeting. See Canada, *Treaty Series*, 1950, No. 3.

edge of its probable terms or of the date when it will be transmitted to the Senate. They expect the message to go to the Senate shortly and, in any event, before the hearings commence on the St. Lawrence Agreement.

3. Snow advised me that while much manoeuvring is going on behind the scenes in connection with the President's recommendation that a study should be made of Hydro-Electric developments in the New England States and New York State, the State Department is hopeful that the political difficulties resulting from that proposal will not interfere with the speedy ratification of the Niagara Treaty. The reference to "one package" in the *Buffalo Evening News* probably refers to the development of water power in both the Niagara and St. Lawrence by one publicly owned organization and not to the approval of the Treaty and the Agreement by Congress. As the Treaty goes only to the Senate and the Agreement to both Houses, it is hard to see how they could be treated as "one package" when being approved in Congress.

4. Snow stated, however, that he had no information whether the message to the Senate relating to the Niagara Treaty would refer to the question of who should develop the waters made available to the United States by the Treaty. He also said that he did not consider it would be appropriate for the State Department to make any representations to the White House on this point. Ends.

878. DEA/1268-K-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-428 Ottawa, March 10, 1950

CONFIDENTIAL. IMPORTANT.

NIAGARA DIVERSION TREATY

Your WA-589 of March 9. I am disturbed by the report Matthews has sent concerning his talk with Snow about the possibility of the President linking some extraneous matter to the treaty in his message forwarding it to the Senate for ratification.

2. It is not clear to me whether Snow thinks that the message forwarding the Niagara Diversion Treaty to the Senate will include:

(a) Some reference to the desirability of early action being taken toward ratification of the St. Lawrence Agreement as well, or

(b) Some reference to the President's recommendation that a study should be made of hydro-electric development in the New England States and New York State, or

(c) Discussion of public versus private development of water that would be made available to the United States by the Treaty.

I would be glad to have some clarification if this can be obtained.

3. I don't think we have much information about the President's recommendation that a study be made of hydro-electric development in the New England States and New York State and would be glad if you could let us know more about this.

4. While we do not wish to discourage the President from pursuing tactics which he believes will promote support for ratification of the St. Lawrence Agreement, I am most concerned that no risk should be run that the Niagara Diversion Treaty may be hung up on some extraneous point introduced by the President in his message to the Senate. This would be contrary to our understanding and that of the Chairman of the Ontario Hydro. If ratification of the Niagara Diversion Treaty were hung up, the Canadian Government would be immediately subjected to pressure to press ahead with separate development of the International Rapids Section of the St. Lawrence waterway. And we are still very desirous to see the double-barrelled St. Lawrence water and power project go through.

5. I should like to have our concern in this matter brought to the attention of the White House. If Snow thinks it would be inappropriate for the State Department to present our views to the White House, I wonder if they would have any objection to your making a direct approach to one of the President's advisers who may be concerned with the preparation of the message to the Senate.

879. DEA/1268-K-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-615 Washington, March 13, 1950

CONFIDENTIAL. IMPORTANT.

Your EX-428 of March 10th. Niagara Diversion Treaty.

1. I have discussed today with Webb, Under-Secretary of State, the tactics in presenting the Treaty to the Senate. Matthews has also discussed these matters with two Administrative Assistants to the President, one of whom will be with Mr. Truman in Florida when his message to the Senate is expected to be signed.

2. The message should go forward in less than a fortnight. Our informants agreed that it should deal with the Treaty as a question entirely separate from the St. Lawrence project and that it should dodge the issue of public versus private development. Webb observed that when hearings on the Treaty were held a position would have to be taken on both these questions, and the President would be bound to support public development of the power. He considers that discussion of this matter is inevitable before the Treaty is voted on in the Senate, and I am sure that he is

right. Senator Aiken[81] of Vermont has already announced his opposition to early ratification of the Treaty on the grounds that it would delay action on the St. Lawrence project and that the Federal Government should develop the power at Niagara.

3. Within the supporters of public power development there is a split between those in New York State which want the New York Power Authority to be responsible and those in New England and Eastern Ohio who want Federal control. The Administration will have to take a position at the hearings, and this is almost certain to favour Federal control.

4. I urged on Webb very strongly our desire for ratification at this session and our concern lest purely domestic issues in this country should postpone the new Niagara development. He fully appreciates these points.

5. I shall report separately when additional information has been secured on the proposed study of power development in the New England States and New York. The need for such an overall study was cited last week by the Bureau of the Budget in informing the Congress of the President's opposition to the passage of a measure at this session dealing with the Passamaquoddy tidal project.

880. DEA/1268-K-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-716 Washington, March 24, 1950

CONFIDENTIAL

NIAGARA DIVERSION

1. This afternoon Snow showed to Matthews a copy of the message to the Senate drafted in the State Department which Snow is confident will be signed by the President.

2. The only reference to public development of the United States share of the waters is in a paragraph that states that subsequent to ratification it will have to be decided what American authorities should develop the water and goes on to state that the President is on record concerning his opinion on this question.

3. The message continued by stating that it would not be proper to provide in a treaty for a question that was purely a domestic question within the United States. It then urges speedy ratification.

4. Snow was not ready to forecast when the message will reach the Senate.

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[81] Sénateur George D. Aiken (Républicain), Vermont.
Senator George D. Aiken (Republican), Vermont.

881. DEA/1268-K-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], June 7, 1950

RATIFICATION OF THE NIAGARA DIVERSION TREATY

The United States State Department have indicated to Mr. Wrong that early ratification by Canada of the Niagara Diversion Treaty might have a favourable effect on action on this Treaty in the United States Senate. They would like to be able to point to some concrete action such as this to support the case they intend to make of Ontario's urgent need of hydro-electric power. The State Department are also somewhat concerned about the fact that on numerous occasions recently where they have been urging Senate approval of agreements, the Senators have been asking what the other parties to the agreements have done. The usual reply, that the other parties are waiting to see what action is being taken by the United States, has been causing some irritation in Congress.

2. The Senate Foreign Relations Committee is expected to decide in about a week on the type of hearings that should be held. There is a possibility that these may be brief, and that the Treaty may be placed on the consent calendar for swift action on the Senate floor. If substantial opposition develops, public hearings will have to be held and ratification will be delayed. At the moment the United States authorities do not expect serious opposition and think there may be a good chance that the Treaty will be ratified without reservation.

3. In addition to the possibility that early ratification by Canada might have some favourable effect on proceedings in the United States Senate, there are three further reasons why such action might be desirable:

(a) Ratification by Canada of the Treaty as signed might assist the United States Administration to oppose the introduction by the Senate of alterations in the text. For example, the State Department might be able to point out that Canada had approved the Treaty and the Canadian Parliament had risen. If the Senate proposed alterations, the Treaty could not come into force until Parliament at its next session had had an opportunity to consider the proposed alterations.

(b) Early ratification by Canada would be a further assurance to Ontario of the Canadian Government's desire to bring the Treaty into effect as soon as possible.

(c) There is a possibility that the United States Senate might approve the Treaty after Parliament has risen. If Canadian ratification had not taken place, this could be somewhat embarrassing since the coming into force of the Treaty would have to await the next session of Parliament.

4. On the other hand, there are two arguments against this course:

(a) The United States Senate may not approve the Treaty this year; it is not certain that it will ever do so. The time that would be devoted by Parliament to consideration of this Treaty might prove to be wasted.

(b) The United States Senate might approve the Treaty, subject to certain alterations or reservations. In that case the amended text would have to be reconsidered by Parliament.

5. The Departments of Transport and Resources and Development are sceptical about the value of prior Canadian ratification, although they have indicated that they would not object to such action. They have in mind the fate of the 1929 Niagara Convention, which was ratified by Canada but failed to secure United States Senate approval, and the 1941 St. Lawrence Agreement. They doubt that Canadian ratification would have any effect on the United States Senate, and they believe that the Canadian Government has already given Ontario sufficient assurance of its desire to have the Treaty come into force as soon as possible. They are, of course, aware of the possibility that the United States Senate might approve the Treaty after Parliament has risen, but consider that the time that would then elapse before Parliament could approve the Treaty in its next session would not involve any serious delay in construction of new power plants by the Ontario Hydro. Once the United States had ratified the Treaty, the Ontario Hydro would have no real fear that Canada would not follow suit. In the meantime they could proceed with preparatory work.

6. Since there is thought to be some prospect of approval at this session of the United States Senate, I am inclined to the view that anything we can reasonably do to help the State Department persuade the Senate to act should be done. We have, with good reason, postponed ratification of such measures as the 1941 St. Lawrence Agreement and the Charter for an International Trade Organization, pending United States action. In the case of the Niagara Diversion Treaty, however, prior ratification by Canada can do no harm and might do some good. I do not think we should follow an inflexible practice of insisting on prior United States ratification of all important agreements with Canada.[82] There is unlikely to be any serious opposition in Parliament to this Treaty. It should not, therefore, take up very much of Parliament's time.

7. You might wish to discuss this with your Cabinet colleagues. If it is decided to seek the approval of Parliament at this session, you might also wish to discuss where this should be placed on the Order Paper. About ten days should be allowed for preparation of the Resolution and supporting material.[83]

A.D.P. H[EENEY]

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[82] Note marginale:/Marginal note:
I agree L.B.P[earson]

[83] Pour le « Protocole d'échange », voir Canada, *Recueil des traités*, 1950, N° 3.
For the 'Protocol of Exchange', see Canada, *Treaty Series*, 1950, No. 3.

882. DEA/1268-K-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

Washington, July 11, 1950

Dear Mr. Pearson:

In our telephone conversation of July 8, you asked me if I would send you a letter, outlining the various steps taken by the Embassy since the signature of the Niagara Diversion Treaty to impress on the Administration our great concern that the Treaty should be ratified not later than this summer.

2. A survey of the Chancery files reveals that from the time of signature of the Treaty on February 27 until the President forwarded the Treaty to the Senate for ratification on May 2, myself, and members of my staff, were in touch with the State Department on several occasions to ensure that no foreign issue such as the St. Lawrence Power Development, would be raised in the President's message of transmittal, which could prejudice prompt ratification of the Treaty. I called on Under-Secretary of State Webb on March 13 to impress this point upon him. We also expressed our views on this matter informally to the Federal Power Commission and to two of the President's administrative assistants. It was at the instance of our representations that the Canadian Desk in the State Department, which had a hand in the drafting of the President's message, omitted from it controversial material which we had feared would be included, and also urged speedy ratification.

3. During the period from May 2 until hearings were held on June 27 by a subcommittee of the Senate Foreign Relations Committee on the ratification of the Treaty, we had more and frequent conversations with the State Department, during which we reaffirmed our desire that the Treaty be promptly ratified and ascertained the prospects of action by the Senate. On June 21, I called on Under-Secretary of State Webb for a second time. In my conversation, I told Mr. Webb that I thought my visit might give him a pretext for further pressure to obtain ratification at this session of Congress. He told me that the State Department had worked very hard to have the twin Lehman-Roosevelt bills introduced for the sole purpose of keeping consideration of the Niagara Treaty clear of the issue of public versus private power and thus ensure speedy ratification.

4. When a subcommittee of the Senate Foreign Relations Committee held hearings on ratification of the Treaty on June 27, both Matthews and Coté were in attendance and had an opportunity, both before and after the hearings, to mention again to [Adrian S.] Fisher, the Legal Adviser of the State Department, and Dale of the Canadian Desk, the importance which Canada attaches to ratification of the Treaty this summer. As on previous occasions, both showed that they were fully conscious of our urgent needs and were doing all they could to have them met.

5. Our last formal approach to the State Department was made on July 3 at your request. On that date, I wrote a letter to Under-Secretary Webb in which I quoted the text of your message EX-1049 of July 3† concerning the transfer of the labour force from Des Joachims to Niagara and also expressed the hope that the information contained in your communication may assist in securing early action by the Senate on the Treaty.

6. In addition to the numerous formal representations which I have described in this letter, members of my staff have been making several periodical enquiries from the Canadian Desk in the State Department, during the course of transacting other business, as regards the prospects of ratification of the Treaty at this session, and they have, on those occasions, reiterated the importance which the Canadian Government attaches to prompt ratification of the Treaty.

7. I am satisfied that the Administration, and particularly the State Department and Federal Power Commission, have been doing, and are doing, all they can to bring about ratification of the Treaty at this session of Congress. They are faced, however, with two serious obstacles. First, there is the ignorant yet weighty criticism of Chairman Connally of the Senate Foreign Relations Committee.[84] Because of this it may turn out that the Treaty cannot be reported without lengthy debate in Committee. This leads to the second obstacle, which is the shortage of time available to the Committee for considering the Treaty, owing to the heavy volume of work unexpectedly thrust upon it first by Senator McCarthy[85] and now by the developments in Korea.[86]

8. I fully appreciate the justification for the resentment which some Canadian newspapers will not fail to air should the U.S. Senate fail to ratify the Treaty at this session. On the other hand, the voicing of righteous indignation on the part of the Canadian press may be an effective way by which the U.S. Congress may be made to see that good-neighbourly relations between our two countries cannot be a unilateral proposition, with the Congress holding back on reasonable requests for action urgently required by Canada.

Yours sincerely,
H.H. WRONG

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[84] Note marginale:/Marginal note:
Why doesn't Hume [Wrong] have Connally to lunch & try to talk to him on this? L.B.P[earson, July 12, 1950]

[85] Sénateur Joseph R. McCarthy (républicain), Wisconsin.
Senator Joseph R. McCarthy (Republican), Wisconsin.

[86] Note marginale:/Marginal note:
Mr. Moran: I spoke to Wrong this a.m. and passed on [the] Minister's suggestion re: Connally. We should, however, record in [a] teletype† [a] summary of our views. Minister mentioned this yesterday in press conf[erence]. A.D.P.H[eeney]. July 13, 1950.

883. DEA/1268-K-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1522 Washington, July 13, 1950

CONFIDENTIAL

Reference your EX-1104 of July 11th.† Niagara Diversion Treaty.

1. We had a further conversation yesterday with the Canadian Desk concerning the prospect of Senate action on the treaty during this session. They said that the estimate which they had obtained that morning from the Congressional Liaison Division in the State Department was that the chances are 55 to 45 that the Senate will take favourable action. This estimate is the least favourable since the treaty was sent to the Senate on May 2nd.

2. They mentioned the difficulties encountered by the State Department on the hill in connection with the attitude of Chairman Connally of the Senate Foreign Relations Committee, and the upsetting result on the Committee timetable of the developments in Korea. In addition to these difficulties, they thought that the fate of the treaty would be affected by the emotions generated on the hill by other bills concerning power development. Whereas the State Department entertained the hope, some weeks ago, that the Lehman-Roosevelt bills might keep the issue of public vs. private power out of the consideration of the Niagara Treaty, they now fear that the bills may have the opposite effect. The Canadian Desk were also apprehensive lest the proposed St. Lawrence project, and the proposed commission to survey land and water resources in the New England States and New York (see my despatch No. 711 of March 18th†) may serve to confuse the Senators on what is really involved in approving ratification of the Niagara Treaty.

3. Our informant told us in confidence that for the past two weeks the State Department representatives on the hill have been unsuccessful in meeting Senator Connally in order to impress upon him the importance which the State Department attaches to the ratification of the treaty this session. He has twice cancelled engagements which they had made with him. They are hoping that they may meet him later this week. The State Department are also hoping to secure action by enlisting the good offices of Senator Lodge of Massachusetts. As of now, they are not quite clear whether Senator Connally's criticism is based on genuine opposition to the treaty. They told us that in the event that they should not obtain satisfactory results from Senator Connally, it is their firm intention to carry the issue to the White House as a last resort.

4. As an indication that the State Department have made great efforts on the hill to secure approval, the Canadian Desk mentioned that some Senators had already privately complained that they now knew all they wanted to know about the treaty and did not care to be approached further. Our informant also showed us in strict

confidence a paper prepared in the State Department, which is to be circulated without indication of its source among the members of the Senate. This paper describes the diplomatic representations, both formal and informal, made to the State Department by the Canadian Government to obtain early ratification of the treaty. It refers to the critical needs of the province of Ontario for power and to the impossibility of securing additional power at Niagara except through the concurrence of the United States.

5. After describing the importance of this power for possible production of war material in Ontario, the paper concluded that failure of the Senate to act at this session would cause serious "irritation" in Canada, "one of our most reliable allies", at a time when Canada's co-operation is so sorely needed.

6. The discussion described above took place yesterday morning. Yesterday afternoon I encountered [Jack K.] McFall, Assistant Secretary of State in charge of Congressional relations, who before I had a chance of opening the subject assured me that he now felt more optimistic than ever before that the Senate would act very shortly. He ascribed Senator Connally's criticisms to irritation arising from indigestion and said that he was now feeling better.

7. It is evident, I think, that the State Department can scarcely be expected to do more to hasten ratification. I have considered tackling Senator Connally direct and have mentioned this to Mr. Webb. He expressed doubt that it would be helpful and asked me not to do so without further consultation with him. I shall take the matter up with him again if no progress is made within the next ten days or so.

884. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 209-50 [Ottawa], August 30, 1950

RESTRICTED

RESERVATION BY THE UNITED STATES SENATE TO NIAGARA DIVERSION TREATY

The Niagara Diversion Treaty providing for the apportionment of the waters of the Niagara River for hydro-electric development, was signed by Canada and the United States of America on February 27, 1950.

2. On March 27, 1950 the Government of Canada and the Government of Ontario signed an Agreement concerning the implementation of Canada's rights and obligations under the Treaty.

3. On June 14, 1950, the House of Commons passed a Resolution approving both Agreements. The Senate passed the Resolution on June 19.

4. On August 9 the United States Senate passed a Resolution approving the ratification of the Treaty by the United States, with the following reservation:

"The United States, on its part, expressly reserves the right to provide by Act of Congress for redevelopment, for the public use and benefit, of the United States' share of the waters of the Niagara River made available by the provisions of the Treaty, and no project for redevelopment of the United States' share of such waters shall be undertaken until it be specifically authorized by Act of Congress".

5. This reservation does not constitute a reservation in the sense in which that term is used in international law and practice because it in no way affects Canada's rights or obligations under the Treaty. It concerns the implementation of the Treaty within the United States only, by providing for the method by which the United States' share of the waters, according to the terms of the Treaty, shall be used within that country. Where Parliament has already approved a particular treaty, it would seem that a subsequent reservation to that treaty, made by another Government and substantially affecting Canada's rights or obligations under it, should be submitted to Parliament because such a reservation would be tantamount to an amendment of the treaty. However, the above-mentioned reservation does not come within that category and would seem therefore not to require parliamentary approval.

6. The United States Government has enquired whether this reservation is acceptable to the Canadian Government and asks that the text of the reservation and the Canadian Government's acceptance be included in the Protocol of Exchange of Ratifications which will be signed at Ottawa. There does not seem to be any reason why Canada should refuse to accept this reservation. Canada's acceptance could be included in the Protocol of Exchange as suggested.

7. It is therefore recommended:

(a) That there is no need to refer the reservation to Parliament;

(b) That the Canadian Government accept the reservation;

(c) That the Government of Ontario be informed of Canada's acceptance of this reservation before the United States Government is notified.[87]

L.B. PEARSON

885. DEA/1268-K-1-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Acting Secretary of State for External Affairs

[Ottawa], October 10, 1950

Article II of the Niagara Diversion Treaty provided that the Governments of Canada and the United States would ask the International Joint Commission to

[87] Approuvé par le Cabinet, le 4 septembre 1950./Approved by Cabinet, September 4, 1950.

make recommendations concerning the nature and design of the remedial works to be constructed at Niagara Falls and recommendations about the allocation of the task of construction of these works.

On October 4 the Cabinet approved Terms of Reference for the Commission which have been agreed upon with the United States Government.

Accordingly, I attach for your signature, if you agree, a letter to the Secretary of the International Joint Commission, setting forth these Terms of Reference and requesting the Commission to undertake this investigation. It has been agreed with the State Department that this letter (and the identical letter from the United States Government) be forwarded today, October 10.

A.D.P. H[EENEY]

886. DEA/1268-K-1-40

Le secrétaire d'État par intérim aux Affaires extérieures au secrétaire de la Commission mixte internationale

Acting Secretary of State for External Affairs to Secretary, International Joint Commission

Ottawa, October 10, 1950

Dear Madam [E.M. Sutherland]:

I have the honour to inform you that the Governments of Canada and the United States of America have agreed to request the International Joint Commission to investigate and make a report containing:

(1) Recommendations concerning the nature and design of the remedial works necessary to enhance the beauty of the Falls in the Niagara River by distributing the waters so as to produce an unbroken crest-line on the Falls, in accordance with the objectives envisaged in the final report submitted to Canada and the United States of America on December 11, 1929, by the Special International Niagara Board and bearing in mind the provisions for the diversion of the waters of the Niagara River and the apportionment thereof, which have been agreed upon by the two governments in the Treaty of February 27, 1950 respecting the uses of the waters of the Niagara River.

(2) Recommendations concerning the allocation of the task of construction of the remedial works as between Canada and the United States of America, having regard to the recommendations made under paragraph (1).

(3) An estimate of the costs of such remedial works.

In the conduct of its investigations, and otherwise in the performance of its duties under this Reference, the International Joint Commission may utilize the services of engineers and other specially qualified personnel of technical agencies of Canada and the United States, and will so far as possible, make use of information and technical data which has been acquired by such technical agencies or which

may become available during the course of the investigation, thus avoiding duplication of effort and unnecessary expense.

Yours sincerely,
BROOKE CLAXTON

4E PARTIE/PART 4

CONVENTION POUR LES PÊCHERIES DE L'ATLANTIQUE NORD-OUEST ET CONVENTION SUR LE PRIVILÈGE D'ESCALE RÉCIPROQUE NORTHWEST ATLANTIC FISHERIES CONVENTION AND RECIPROCAL PORT PRIVILEGES CONVENTION

887. PCO/Vol. 2071

Décret

Order in Council

P.C. 1479 [March 23, 1950]

The Committee of the Privy Council have had before them a report dated 14th March 1950, from the Secretary of State for External Affairs, representing:

That, for the purpose of furthering the well-being of Canadian and United States fishermen engaged in the halibut fishery of the North Pacific Ocean, provision has been made by Order in Council year by year over a period of time for granting United States halibut fishing vessels the privilege of landing catches and obtaining supplies, repairs and equipment in Canadian Pacific ports, in return for the same privilege being granted to Canadian halibut fishing vessels in Alaska by United States public law approved annually by Congress;

That the United States Government proposed in July 1949 that the two Governments should sign a Convention providing for a formal exchange of these port privileges to overcome the difficulty and uncertainty involved in such frequent action by Congress;

That such a Convention would be to the advantage of the Canadian fishing industry which would be assured in advance of the fishing season of the privileges that would be available;

That this Convention would grant halibut fisherman of the United States of America and Canada, in the ports of entry of each other country on the Pacific Coast, the following privileges:

(1) To land their catches of halibut and sable-fish without the payment of duties and

(a) sell them locally on payment of the applicable customs duty;

(b) trans-ship them in bond under customs supervision to any part of either country; or

(c) sell them in bond for export; and

(2) to obtain supplies, repairs and equipment, subject to compliance with applicable customs and navigation laws of either country;

That this proposed Convention, a copy of which is hereto annexed,† would differ from the present practice only in that it proposes the extension of the reciprocal privileges to Canadian halibut vessels in ports of the United States proper as well as of Alaska, this addition being to the advantage of Canadian fishermen;

That the United States Government has agreed to the said annexed draft Convention; and

That the Minister of Fisheries and the Minister of National Revenue have concurred that it is in the Canadian interest that such a Convention be entered into by Canada as soon as possible.

The Committee, therefore, on the recommendation of the Secretary of State for External Affairs, advise that Your Excellency may be pleased to authorize the Honourable Lester B. Pearson, M.P., and the Honourable R.W. Mayhew, M.P., or either of them to negotiate and sign on behalf of Canada the annexed Convention or one in substantially the same terms.[88]

LOUIS S. ST. LAURENT

888. DEA/123861-1-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], May 1, 1950

RATIFICATION OF THE INTERNATIONAL NORTHWEST ATLANTIC FISHERIES CONVENTION, AND THE RECIPROCAL PORT PRIVILEGES CONVENTION ON THE PACIFIC COAST

With reference to your direction of April 28 regarding the above-mentioned matter, I am enclosing a few explanatory notes thereon which may be of some use to you at tomorrow's meeting of the Cabinet.

A.D.P. H[EENEY]

[88] Note marginale:/Marginal note:
Approved T[hibaudeau] Rinfret, Deputy Governor General[,] Mar[ch] 23 1950
(Voir Canada, *Recueil des traités*, 1950, N° 5./See Canada, *Treaty Series*, 1950, No. 5).

[PIÈCE JOINTE/ENCLOSURE]

Notes pour le secrétaire d'État aux Affaires extérieures

Notes for Secretary of State for External Affairs

[n.d.]

RATIFICATION OF THE INTERNATIONAL NORTHWEST ATLANTIC FISHERIES CONVENTION, AND THE RECIPROCAL PORT PRIVILEGES CONVENTION ON THE PACIFIC COAST

Last November, Cabinet directed that an Interdepartmental Committee be set up to consider the general position of Canadian territorial waters, and the ratification of the Northwest Atlantic Fisheries Convention which had been signed in Washington on February 8, 1949.[89] Some concern had been expressed whether, by ratifying this Convention, Canada might possible jeopardize any claim it might put forward to the effect that waters of the Gulf of St. Lawrence are Canadian territorial waters as a result of the Union of Newfoundland with Canada.

2. The Committee under the Chairmanship of Mr. Norman Robertson was established and is known as the Interdepartmental Committee on Territorial Waters. At a recent meeting the Committee was of the view that Canada should proceed with the ratification of the Northwest Atlantic Fisheries Convention. The Committee also recommended that, when ratifying, the Government should attach an observation (not in the nature of a reservation) which would indicate that Canadian ratification extends to Newfoundland, and that the "non obstante" clause in the Convention must be construed in the sense that it does not alter any claim that Canada may have to territorial waters.

3. The Committee considered the drafting of Article I of this Convention, describing the Convention area, which reads in part as follows:

> "... thence in a southerly direction along the coast of Labrador to the southern terminus of its boundary with Quebec; thence in a westerly direction along the coast of Quebec, and in an easterly and southerly direction along the coasts of New Brunswick, Nova Scotia, and Cape Breton Island to Cabot Strait; thence along the coasts of Cape Breton Island, Nova Scotia, New Brunswick, Maine, New Hampshire, Massachusetts, and Rhode Island to the point of beginning ...".

4. It was noted that the reference to Cape Breton Island was improper by having been included in a delimitation by political entities. It was also felt that the reference was redundant, since the Convention boundary line is already described as running to Cabot Strait. This was a minor point which could be corrected at the time of Canadian ratification in the form of a statement or observation rectifying the geographical inaccuracy.

5. The Committee felt that the inaccuracy mentioned in the preceding paragraph may not be politically desirable, but the Legal Advisers of the Departments of Fish-

[89] Voir Canada, *Recueil des traités*, 1950, N° 10./See Canada, *Treaty Series*, 1950 No. 10.

eries and External Affairs agreed that there was no legal objection to the wording. In a memorandum dated April 14, 1950† it was submitted to the Secretary of State for External Affairs that it may be best just to overlook this inaccuracy, because an endeavour to correct it by means of a formal statement would only tend to emphasize it, and if a correction were made in the formal text itself it would necessitate the signing of the Convention again by countries who had already signed it. The Secretary of State for External Affairs agreed with the above submission, as well as with the points outlined in paragraph 2 and 3 of this paper.

6. The Department of Fisheries have now expressed the hope that the recently signed Convention regarding Reciprocal Port Privileges for Halibut Fishing Vessels on the Pacific Coast will be ratified as soon as possible. Early ratification on the part of Canada might have a favourable influence on the proceedings in the United States Senate when the approval of that body is sought. Early ratification of the Convention by both countries would be desirable, since the halibut fishing season opens on May 1. Representations to this effect have in fact already been made to the State Department by our representative in Washington, and the Department has now been informed that it would be reasonable to expect United States ratification of the Port Privileges Convention to be completed by the middle of May.

7. The Department of Fisheries has also pointed out that the Canadian Government might perhaps be placing itself in a somewhat embarrassing position vis-à-vis the United States Government if it were to ratify the Port Privileges Convention without at the same time taking steps to ratify the Northwest Atlantic Fisheries Convention. The latter Convention has already been ratified by the United States. The Departments of Fisheries and External Affairs feel, therefore, that both Conventions should be ratified at the same time.

8. The question has arisen whether the ratification of these Conventions should be approved by Parliament. When a treaty or convention is not of widespread political importance and its implementation requires no new Canadian legislation, it is not customary to present it to Parliament for approval. Under these circumstances, the usual practice is to obtain Council approval for ratification. No new legislation is necessary at the present time to give effect to these Conventions, but the officials of the two Departments concerned are not sure of the political importance of the Conventions. The Office of the Minister of Fisheries has indicated that Mr. Mayhew would be inclined to favour the submission of the question to Parliament rather than only to Cabinet.

9. Parliamentary approval of the signing or ratifying of important treaties is usually obtained by the presentation of a Resolution to both Houses of Parliament. The Minister of Fisheries would seem to be the appropriate Minister to sponsor a Resolution in connection with these Conventions. Mr. Mayhew, however, will be leaving Ottawa around May 6 and will be away for over a month. The Secretary of State for External Affairs will be absent from Ottawa for the greater part of May. It is unlikely that such a Resolution could be prepared for presentation to and approval by Parliament within less than ten days.

10. If Cabinet decides that Parliamentary approval is not politically necessary in this instance, it would be a matter of seeking authorization from Council for the

Secretary of State for External Affairs to sign the Instruments of Ratification and of having the Instruments deposited. If, on the contrary, Cabinet feels that Parliamentary approval would be preferable, the Department of Fisheries will be responsible for having the required Resolution presented to Parliament as soon as possible.[90]

[90] Voir Canada, Chambre des Communes, *Débats*, 1950, volume III, pp. 3040-3042. See Canada, House of Commons, *Debates*, 1950, Volume III, pp. 2946-2947.

CHAPITRE IX/CHAPTER IX
EUROPE DE L'OUEST
WESTERN EUROPE

PREMIÈRE PARTIE/PART 1
GÉNÉRALITÉS
GENERAL

SECTION A
RÈGLEMENT D'AIDE MILITAIRE
SETTLEMENT OF MILITARY RELIEF

889. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 6-50 [Ottawa], December 28, 1949

SECRET

MILITARY RELIEF — SETTLEMENT OF CANADIAN CLAIMS AGAINST ITALY

Canadian policy regarding claims against European countries for military relief was set forth in P.C. 3065 of July 31, 1947.† A copy of that document is attached. In paragraph 5 (a) (iii), the Canadian claim against Italy is set at 5.4 per cent of the total bill rendered to Italy for military relief supplies, i.e. $28,400,000.00 (U.S. dollars).

2. On May 15, 1947, the Government of Italy was advised of the shares of the United States, United Kingdom and Canada in the total military relief bill, including the Canadian share mentioned above. The bill was reckoned in U.S. dollars, but the actual forms of settlement were to be agreed by each of the three countries with Italy.

3. On April 15, 1947, the Italian Representative in Ottawa was informed that in view of the difficult financial position of the Italian Government, the Canadian Government proposed to request no more than a "nominal settlement".[1] This policy was confirmed in P.C. 3065 (attached).†

4. The United Kingdom and the United States both waived their military relief claims against Italy. The United Kingdom action was made conditional on ratifica-

[1] Voir *DREC*, volume 13, documents 72 et 73./See *DCER*, Volume 13, Document 72 and 73.

tion of the Italian Peace Treaty by the Italian Government and was taken as a political goodwill gesture. The United States waived its claim of $390,500,000 as part of a comprehensive Agreement with Italy on August 24, 1947, shortly before the Italian post-war elections. The Agreement also provided for the unfreezing of Italian properties and assets, the turning over to Italy of twenty-eight merchant ships and the payment by Italy of $5,000,000 to settle claims of United States nationals. The purposes of the Agreement were said to be to ease the "burdensome clauses" of the Peace Treaty and to contribute to Italy's peacetime economy.

5. In view of the fact that the United Kingdom and the United States have waived their claims the Italians have expressed the hope that Canada will accept one dollar as "nominal settlement". When the United Kingdom and the United States were waiving their claims they invited Canada to do the same. It was felt, however, that such a gesture by Canada would not carry much political weight in Italy and that Canada's financial contribution to post-war European recovery could better be made in other ways. In addition the effect on Canada's post-war claims against other countries, some of them allies throughout the war, had to be considered.

6. I do not think that we should insist on payment from Italy in dollars; however, the Canadian Government expects to have a number of uses for lira. Those include the purchase, repair and furnishing of a Canadian Chancery and a residence for the Canadian Ambassador in Rome, the current operating expenses of Canadian Government departments, and the operation of a cultural and educational programme in Italy similar to the one envisaged in our settlement of military relief and other accounts with the Netherlands. Funds needed for these purposes will probably amount to about 10 per cent of our claim against Italy and I feel that, under the circumstances in this case, we can consider this to constitute a "nominal settlement".

7. In view of these considerations, I recommend:

(a) that negotiations be conducted with the Government of Italy for settlement of Canada's claims in respect of military relief;

(b) that, in the first instance, our claim should be written down from $28,400,000 (U.S.) to $3,000,000 (U.S.);

(c) that the claim be further reduced to a figure of no less than $2,000,000 (U.S.) if this proves to be desirable in the course of negotiations;

(d) that payment be accepted in Italian lira at the rate of exchange current between United States dollars and lira current at the times of payment; and

(e) that provision be made for expenditure of the lira received in payment for the purchase, repair and furnishing of a Canadian Chancery and a residence for the Canadian Ambassador in Rome, the current operating expenses of Canadian Gov-

ernment departments, and the operation of a cultural and educational programme in Italy.[2]

L.B. PEARSON

890. DEA/2295-AH-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Acting Secretary of State for External Affairs

SECRET [Ottawa], January 7, 1950

SETTLEMENT OF MILITARY RELIEF CLAIMS — VISIT TO EUROPE OF MR. JAMES SINCLAIR, PARLIAMENTARY ASSISTANT TO THE MINISTER OF FINANCE

The Minister of Finance will probably be raising this matter for discussion in Cabinet in the near future.

2. The time has come when most of our claims on account of military relief against European countries can probably be settled fairly quickly. Most of the settlements will necessarily involve:

(a) Some write-off of the total amount, and

(b) Acceptance of local currencies (instead of Canadian or American dollars) involving special provision for using such currencies for purchase of property and equipment, and probably in some cases for a cultural and educational programme.

3. There may be difficulties in explaining these arrangements in Parliament. Therefore, the Department of Finance has decided that Mr. Sinclair should take some part in the negotiations. He is planning to leave Canada on January 14th and will be away until the end of February. He will be accompanied by the Department of Finance expert on these matters, Mr. C.L. Read. He will visit the following countries: Belgium, Luxembourg, France, Italy, Denmark and Norway. He will probably visit Yugoslavia and possibly Greece. He will also have some conversations in London. He plans to sail for Canada about the end of February. Mr. Sinclair's visit to Greece will depend on whether political conditions there make it worthwhile. The Greek Government fell two days ago.

4. Mr. Sinclair's visit to Yugoslavia may give rise to special discussion in Cabinet. There are possible objections to such a visit. The Communist press may play up the visit of a Canadian in his position as further evidence that the West is trying to seduce Mr. Tito. Certain sections of the Canadian public might be opposed to any official visit to an Iron Curtain country. On the other hand it can probably be

[2] Approuvé par le Cabinet, le 5 janvier 1950 sous réserve que les dispositions concernant les fonds reçus en règlement puissent être réexaminées.
Approved by Cabinet on January 5, 1950 on the understanding that the disposition of any funds received in settlement would be the subject of further consideration.

made quite clear that Mr. Sinclair is going on business and is visiting a large number of other countries. He may bring back useful impressions of developments in Yugoslavia. His presence would certainly strengthen the negotiations which our Ambassador, Mr. Vaillancourt, would otherwise have to undertake on his own. Mr. Sinclair himself is very anxious to go. On balance it is probably desirable that he should do so.

5. The financial negotiations which Mr. Sinclair, and Mr. Read, and officials of this Department will undertake, will require some form of Cabinet authorization. For this purpose the countries affected have fallen into two groups.

(i) Mediterranean countries: Italy, Greece and Yugoslavia. Cabinet has, within the last few weeks, approved negotiations with Italy and Yugoslavia,[3] including a range within which settlement may take place. In the case of Greece a draft memorandum for submission to Cabinet will be put up to you within the next few days.

(ii) Northern European countries: Belgium, Luxembourg, France, Denmark and Norway. Our officials have reviewed with officials of the Department of Finance a memorandum covering proposed settlements and proposed range for negotiations with all these countries, and have agreed on its terms. A copy of this memorandum is attached. It is understood that the Minister of Finance will discuss the substance of this memorandum in Cabinet and get general approval for it.

A.D.P. H[EENEY]

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

CONFIDENTIAL Ottawa, January 6, 1950

PROPOSED ITEMS OF SETTLEMENT AND SUGGESTED RANGE FOR NEGOTIATIONS

BELGIUM

1. *General*

	U.S. $
(a) Canada's Claim	7,822,462.58
Less adjustments proportionate to those given by the U.K. (but not including claim by Belgium for handling charges on military relief supplies)	716,377.06
	7,106,085.52

(b) At termination of hostilities Belgium was in a better position than most European countries.

(c) Payments between Canada and Belgium were maintained on a cash basis rather than brought under mutual aid arrangements. Accordingly, Canada settled in

[3] Voir *DREC*, volume 15, document 38./See *DCER*, Volume 15, Document 38.

full, by payments to Belgium totalling over $50,000,000, for goods and services and local currencies supplied by Belgium to the Canadian army.

(d) Under the agreement of 1946[4] it was recognized that settlement of the military relief claim was still outstanding.

(e) Belgium requested continuation of military relief beyond July 1945 as a convenience for handling and obtaining priorities for supplies pending re-establishment of normal commercial channels.

(f) The Belgium Government has expressed the hope that Canadian authorities will grant it terms as favourable as those Holland obtained. The Canadian Ambassador has advised them that the two cases are not considered comparable.

(g) In view of Belgium's present general economic and foreign exchange position it is felt that settlement should be made immediately in cash for a large portion of the adjusted claim.

(h) Belgium is at present depositing in a Canadian Government account 300,000 francs per month on account. Earlier Belgium had agreed to deposit on request 11,000,000 francs for the purpose of acquiring a property in Brussels.

2. *Proposed Terms of Settlement*

(a) That an adjustment in the claim be accepted on the basis of reductions negotiated between Belgium and the United Kingdom (excluding the claim in respect of handling charges already settled for under the 1946 agreement.)

(b) That deposits of Belgian francs be accepted from time to time as required, with appropriate protection against changes in exchange rates, in amounts sufficient to meet current expenditures of Canadian Government Departments in Belgium during the E.C.A. period.

It is proposed that we agree to accept such deposits on the basis of U.S. $20,000 per month for the period May 1949 to December 1951, a total of U.S. $640,000 — the deposits to be credited at the current par value of Belgium francs at the time of deposit in terms of U.S. dollars. (The estimated annual expenditures of the Canadian Government in Belgium is approximately $245,000.)

(c) That the balance (U.S. $6,460,085.52) be paid immediately in U.S. funds.

3. *Range for Negotiations*

(a) Belgium is likely to request a write-down of the claim comparable to that obtained by the Netherlands.

No concession should be made in this respect. The two cases cannot be considered comparable. The settlement with the Netherlands involved items other than the military relief claim and the Canadian Government has in its post-war relations with Belgium always considered the military relief claim on Belgium as a firm claim.

(b) Belgium may propose that the claim be considered in

(i) Canadian dollars, or

(ii) Belgium francs prior to devaluation.

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[4] Voir Canada, *Recueil des traités*, 1946, N° 33./See Canada, *Treaty Series*, 1946, No. 33.

No concession should be made on this point. The Belgians have made little effort to settle this claim prior to devaluation or when the Canadian dollar was at par. The Canadian proposals contained in Despatch No. 240 of July 26, 1949 to the Canadian Ambassador in Brussels suggested settlement in Canadian dollars at a time when the Canadian dollar was at par with the U.S. dollar. If these proposals were forwarded to the Belgian Government no reply has been received. (If the claim was treated in terms of Canadian dollars prior to devaluation, this would involve a reduction of approximately $710,000; if it was treated in terms of Belgian francs, this would involve a reduction of a little over $1,000,000.)

(c) The Belgian Government has already offered to deposit 11,000,000 francs to be used for the purchase of a property in Brussels. They may propose that at least this amount be paid in francs in addition to the proposal above. It is suggested that if a property may be acquired within the next year or two and the Belgians press, we might agree to accept the equivalent in francs to, say, U.S. $200,000. If accepted, however, some understanding should be reached that if a suitable property cannot be acquired, the Belgian Government will consider conversion of this amount, or in part, into currencies of other OEEC countries.

(d) Belgium may request a postponement of the payments in U.S. dollars to some future date, possibly on terms comparable to those given by the U.S. or by the Canadian Governments under their credits.

We should not agree to postponement of payments. Canada settled promptly her obligation to Belgium immediately after the war. Canadian credits to Belgium (and other countries) are already considerably higher relatively than those provided by the U.S. and other countries.

LUXEMBOURG

1. *General*

(a) Canada's Claim ..... $439,309.14 (U.S.)

Luxembourg has stated that it obtained downward adjustments of 28.25% by the U.S. and 17.5% by the U.K.; they propose reductions of 20% by Canada.

2. *Proposed Terms of Settlement*

Terms for final settlement should be the same as (a) and (c) under Belgium.

3. *Range for Canadians*

(a) Luxembourg may ask that a portion or all of the claim be paid in Belgium francs. In correspondence to date they have referred to the claim in terms of Belgium francs. Any such payments accepted should not be in a larger percentage than that accepted in case of Belgium and its uses should be subject to the same provisions agreed upon with Belgium.

(b) Any other concessions made should not be more favourable that given to Belgium.

FRANCE

1. *General*

	U.S. $
(a) Canada's Claim:	
France	12,389,021.85

France, French zone of Germany and Austria 1,066,399.13
$13,455,414.98

(b) Under a financial agreement of December 3, 1945 between the U.K. and France, France was given until September 1951 to settle the military relief and certain other indebtedness to the U.K. There has apparently been no negotiations between the two countries on the claim. It is considered that Canada should not press for a final settlement with France at the present time. Firstly, we would not wish to prejudice the position of either the United Kingdom or France in the settlement of this much larger claim. Secondly, we have followed the policy of making adjustments in the claim comparable to that accepted by the United Kingdom.

(c) It is felt that pending a final settlement, arrangements should be made for interim payments by France in French francs to meet particularly:

(i) current expenses of the Canadian Government in France (estimated at approximately $460,000 per year),

(ii) purchase of properties, repairs, and alterations (estimated at $700,000),

(iii) purchase of furnishings in France for missions in other countries.

2. *Proposed Terms for Interim Arrangement*

(a) French francs to be deposited in a Canadian Government account from time to time on request, in amounts not to exceed in aggregate a total value of, say, $4,000,000 (U.S.).

(b) Any French francs so transferred to the Canadian Government will be credited in terms of U.S. dollars at the exchange rate established in conformity with procedures of the International Monetary Fund, or if no such rate exists, at the rate used in official French Government transactions at the time of such transfer.

(c) The deposits may be used by the Canadian Government to acquire or improve real property for Canadian Government use, for current expenditures of the Canadian Government in France, by Canadians in France for educational and cultural purposes. (An understanding should be reached, if possible, with the French Government that this agreement does not preclude the purchase of furnishings for use by the Canadian Government in missions of other countries.)

DENMARK

1. *General*

(a) Canada's Claim ..... 565,200.91 (U.S.)

Less adjustments (subject to check with the U.K.) amounting to approximately $65,000 to $70,000.

(b) In July 1948 the Danish Government indicated willingness to settle a portion of the claim in kroner and pending their final audit of accounts made a deposit of 1,000,000 kroner on March 1, 1949. This has been used in current expenditures in Denmark and recently for the purchase of property there. In May the Danish Government indicated that it considered the balance owing was approximately 1,350,000 kroner and proposed to pay a further 1,000,000 kroner and the balance in U.S. dollars. We delayed consideration of this proposal pending working out with Denmark adjustments in the claim and pending getting on further with the purchase

of a property there. In August the Danish Government provided details of their proposed reductions in the claim. In September the kroner was devalued.

2. *Proposed Terms of Settlement*

(a) That a further 1,000,000 kr. be accepted from time to time as required (or immediately, if desired by the Danish Government) and credited in the equivalent value of U.S. dollars, to be used

(i) for current expenditures of the Canadian Government in Denmark,

(ii) 150,000 kr. to be converted into French francs for the purchase of furnishings in France,

(iii) by Canadians for educational and cultural purposes,

(iv) for conversion by mutual agreement into other soft currencies.

(b) That the balance be paid in U.S. dollars.

3. *Range for Canadians*

(a) The Danes refer to the claim in terms of kroner. Under their previous proposal, at pre-devaluation rates of exchange, they were prepared to make a payment in U.S. dollars after 1951 of approximately $76,600. If post-devaluation rates are used, the balance payable in U.S. dollars, after a further deposit of 1,000,000 kroner, would amount to approximately $140,000. In view of the fact that Denmark offered to make a settlement prior to devaluation, they will undoubtedly object to paying this additional amount.

Some concession should probably be made on this point. It is suggested that, first, it be proposed that current rates of conversion be applied but that the dollar payment should not be higher than under the original proposal and the increase be paid instead in additional kroner deposits. Secondly, we should be prepared, if necessary, to agree to settle on pre-devaluation rates of exchange.

NORWAY

1. *General*

(a) Canada's Claim ..... $1,703,098.23 (U.S.)

(b) Norwegian officials have indicated:

(i) That they do not consider their agreement with the United Kingdom an appropriate basis on which to discuss the Canadian claim;

(ii) That they will wish to examine and discuss all the vouchers pertaining to the claim concerning the real value of the supplies furnished;

(iii) That the claim would have to be negotiated on a non-dollar basis.

2. *Proposed Terms of Settlement*

(a) That we agree to downward adjustments in the claim comparable to those agreed upon by the U.K., or on a basis not more favourable than adjustments accepted in previous agreements (the Netherlands, Belgium and Denmark).

(b) That 9,000,000 kroner (approximately $1,260,000 U.S.) be accepted in partial payment, to be credited in terms of U.S. dollars at the par rate of exchange, from time to time as requested, — the balance to be paid in U.S. dollars after 1951. (The ratio of kroner to dollar payments noted above would be roughly comparable to the proposals in the case of Denmark.)

(c) That such deposits of kroner may be used

(i) for the purchase of property, etc.,

(ii) for expenditures of the Canadian Government in Norway,

(iii) by Canadians for educational and cultural purposes,

(iv) for conversion into currencies of all OEEC countries (with possibly a specified amount for conversion into French francs for the purpose of purchasing furnishings in France).

(d) That the Norwegian Government agree to assist in the acquisition by the Canadian Government of a property in Oslo.

3. *Range for Canadians*

It may be necessary to be prepared to accept total payment in kroner.[5]

891. DEA/2295-AH-6-40

L'ambassadeur en Italie
au secrétaire d'État aux Affaires extérieures

Ambassador in Italy
to Secretary of State for External Affairs

TELEGRAM 4 Rome, January 10, 1950

Reference your telegram No. 148 of December 11th† about military relief credits. Italian Foreign Office has now rejected the proposal for separate negotiations for military relief credits and peace treaty matters and insists that they be linked. I have failed to secure alteration of this decision by appeal to Sforza. It is clear that the Italians will not make reasonable settlement of military relief account unless we give them some valuable concessions. Our only possible concession is release of Italian assets.[6] In my view, retention of these assets will not secure more favourable treatment for our war damage claims than that to be accorded the British and Americans and there is little prospect of rapid settlement of these claims. As described in my despatch No. 308 of July 14th,† the U.K., France and the United States are making joint approaches to Italy urging the same procedure for all claimants. Because of her bargaining power, participation of United States in common front is safeguard for claimants, including Canadians. The only danger is possibility of a separate United States agreement, about which you might enquire in Washington. Offer to release assets would, therefore, be better employed as lever to secure favourable settlement of military relief. At Foreign Office I gathered that military relief credits settlement might be reached quickly if we undertook release of assets. I suggest we ask $2,000,000 as settlement of account and be prepared to accept $1,500,000 provided agreement be put into effect not later than March 15th, on

[5] M. Sinclair est parti pour l'Europe avant consultation du Cabinet. Ce dernier a toutefois reçu copie de cette note et pris connaissance du contenu le 17 janvier 1950.
Sinclair left for Europe before the Cabinet was consulted. However, it was given a copy of this memorandum and noted its contents on January 17, 1950.

[6] Voir le document 988./See Document 988.

which date we would release assets. I again emphasize the necessity for speedy consideration of this new approach in order that we should not lose the option on the Grandi property.

Until you have agreed to the new approach, and until the Italians have accepted the same, I would not recommend visit of Finance officer to Rome and you may prefer to deal with this matter in Ottawa through the Italian Embassy. Despatch† follows by bag Thursday.

892. DEA/2295-AH-6-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Italie

Secretary of State for External Affairs to Ambassador in Italy

TELEGRAM 6 Ottawa, January 12, 1950

SECRET. IMPORTANT.

Following for Désy from Heeney, Begins: Your Telegram No. 4 of January 10 — Military Relief Credits.

1. We are amazed that the Italian Foreign Office should at this stage attempt to link negotiations regarding military credits with Peace Treaty matters and that you could not make it clear to Count Sforza that they must continue to be kept separate.

2. The Treaty of Peace with Italy is an international multilateral agreement signed by Canada and Italy and formally ratified by both countries. The Canadian Government is not prepared to have the settlement of other matters, such as military relief, made contingent upon implementation of that treaty. In the past we have been discussing in Ottawa with Signor di Stephano the implementation of some clauses of the treaty. These discussions have proceeded satisfactorily and we intend to continue them.

3. Separate discussions regarding military relief have proceeded in Rome between yourself and the Italian authorities there. We see no reason for transferring them to Ottawa.

4. The Canadian Government intends to negotiate all military relief settlements in the European capitals and not in Ottawa. To assist in these negotiations Mr. James Sinclair, Parliamentary Assistant to the Minister of Finance, will leave Ottawa at the end of this week, accompanied by an expert from the Department of Finance. He will visit all countries where we have military relief settlements to make. He plans to reach Rome early in February. Within a day or two you will receive our despatch No. 20 of January 9† with full details.

5. The countries with which we expect to conclude military relief settlements in addition to Italy are: France, Belgium, Luxembourg, Denmark, Norway, Yugoslavia and Greece. Some of them have indicated that, on account of disturbed economic conditions, they expect to find great difficulty in making payment in full in dollars, and we are very ready to take account of such considerations. In making

arrangements with them for negotiations all of them have readily accepted our approach, appreciating that military relief represented goods supplied by Canada to prevent starvation and disease amongst their own civilian populations.

6. It is not reasonable to suggest that we should negotiate with Italy on a more favourable basis than with other countries. We have already indicated to the Italians, both through you and in Ottawa, that we are aware of their economic and political difficulties and are, therefore, not going to press for anything like full settlement of our military relief claim. However, we cannot make special concessions under the Italian Peace Treaty in order to arrive at a settlement on military relief account with Italy.

7. I am asking Signor di Stephano to call on me later today. I shall give him an aide mémoire† containing the views expressed in this telegram. Ends.

893. DEA/2295-AH-2-40

L'ambassadeur en Belgique
au secrétaire d'État aux Affaires extérieures

Ambassador in Belgium
to Secretary of State for External Affairs

TELEGRAM 14 Brussels, January 17, 1950

IMMEDIATE

Reference your telegram No. 7 of January 10th.† Belgo/Canadian negotiations on military relief credits. Tentative agreement was reached today by Sinclair and Read with Jacqmin, as set forth in the following draft text:

Agreement between the Canadian and Belgian Governments for Settlement of Outstanding Canadian Credit related to Military Relief to Belgian Civilian Population.

(1) The summary of bills for civilian affairs supplies (military relief) delivered to the Belgian Government established by C.C.A.L.A. amounts to U.S. $156,449,251.50. The Canadian share being 5% amounts to U.S. $7,822,462.58. After the policy of examination of bills, Canadian Government has agreed on adjustments totalling U.S. $716,377.06, thus reducing the Belgian debt to U.S. $7,106,085.52. Furthermore, although claim has been outstanding for several years, the Canadian Government has agreed to waive all interest charges in respect of settlement.

(2) The two Governments agree that payments will take place as follows:
(a) The Belgian Government will put at the disposal of the Canadian Government from time to time as requested an aggregate amount in Belgian francs equivalent to U.S. $200,000 for acquisition, improvement or furnishings of official buildings in Belgian or, if so desired, in Europe as far as furnishings are concerned. These funds may also be used in Belgium at the request of the Canadian Government for cultural and educational purposes. The Canadian

Government will have the right to claim payment in dollars of any unused balance of these funds as of December 31st, 1952.

(b) An amount equivalent to U.S. $640,000, to be used in Belgium or the Grand Duchy of Luxembourg for Canadian Government expenditures, will be paid in Belgian francs by the Belgian Government to the Canadian Government over a period from May 1st, 1949, to December 31st, 1951, in periodical amounts not to exceed average of U.S. $20,000 per month.

(c) The remainder of the debt, that is U.S. $6,266,085.52 will be paid in three instalments as follows: U.S. $2,266,085.52 on April 1st, 1950, U.S. $2,000,000 on September 1st, 1950, U.S. $2,000,000 on March 1st, 1951.

(3) Any francs provided in this agreement will be credited at the par value existing at the time of each payment between the Belgian franc and the U.S. dollar, established in conformity with procedures of the International Monetary Fund or, if no such par value exists, at a rate mutually agreed upon by the two Governments.

(4) Any dollar payments made under this agreement shall be in U.S. dollars, or equivalent in Canadian dollars acquired in the same manner as that provided under Clause (9) of the Supplementary Financial Agreement between the Government of Canada and the Government of Belgium signed at Ottawa on October 24th, 1947.[7] Any Canadian dollar payments will be credited at par value existing at the time of each payment, between the Canadian dollar and the U.S. dollar as established in conformity with procedures of the International Monetary Fund or, if no such par value exists, at a rate mutually agreed upon by the Governments. Ends.

2. You will note from paragraph (2)(c) above that, whilst full dollar payment will be made within the single Canadian fiscal year 1950/51, it will permit the Belgians to effect payment over two Belgian fiscal years, namely 1950 and 1951.

3. Jacqmin hopes to obtain approval to the foregoing text, suitably polished, some time tomorrow.

4. I have reason to believe that Belgian preference would be to have the agreement initialed but signed in Ottawa between the Minister for External Affairs and the Belgian Ambassador.

5. Would appreciate receiving your concurrence with the foregoing by Thursday morning at the latest,[8] as arrangement with Luxembourg necessitates leaving Brussels for Luxembourg early Thursday afternoon. Ends.

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[7] Voir Canada, *Recueil des traités*, 1948, N° 28./See Canada, *Treaty Series*, 1948, No. 28.

[8] Le ministère des Affaires extérieures en a approuvé les termes le 18 janvier 1950.
Terms approved by the Department of External Affairs, January 18, 1950.

894. DEA/2295-AH-6-40

L'ambassadeur en Italie
au secrétaire d'État aux Affaires extérieures

Ambassador in Italy
to Secretary of State for External Affairs

TELEGRAM 12 Rome, January 19, 1950

IMMEDIATE.

Reference my telegram No. 7 of January 16th, re Military Relief Credits and your despatch No. 20 of January 9th,† just received.

Zoppi[9] telephoned this morning to the effect that he was cabling today instructions to De Stefano indicating that Italian Government accept that negotiations and agreements on Military Relief Credits are to be kept independent of Peace Treaty discussions. They expressed the hope that the Canadian Government will find their way to meeting the Italian request for partial or total release of Italian assets. Zoppi intimated that he would be prepared to enter into negotiations as from February 10th. I am advising Sinclair of developments and trying to arrange visit to Belgrade before February 10th.

895. DEA/2295-AH-2-40

L'ambassadeur en Belgique
au secrétaire d'État aux Affaires extérieures

Ambassador in Belgium
to Secretary of State for External Affairs

TELEGRAM 16 Brussels, January 19, 1950

My telegram No. 14 of January 17th and your reply No. 8 of January 18th.†

BELGO/CANADIAN NEGOTIATIONS ON MILITARY RELIEF CREDITS

Jacqmin advised yesterday that since there was to be no write down of claim, his Government would prefer, for internal political reasons, that Canadian Government simply bill the Belgian Government through the Belgian Ambassador in Ottawa for amount of adjusted claim agreed upon during discussions with Sinclair and Read. They would prefer making an immediate lump sum payment in dollars, or if Canadian Government desire partly in francs.

2. Sinclair, in agreeing to this proposal, emphasized mutual advantage to both countries of this type of settlement.

3. The Belgian Government wishes to settle this account immediately. We told Jacqmin we would ask Ottawa to arrange for an early communication to Belgian

[9] Vittorio Zoppi, secrétaire-général, ministère des Affaires étrangères de l'Italie.
Vittorio Zoppi, Secretary-General, Ministry of Foreign Affairs, Italy.

Ambassador in Ottawa requesting settlement of account. We suggest payment of full amount of outstanding balance of the claim, U.S. dollars 7,047,860.47, be requested in dollars.

4. The following, initialled by Jacqmin, is basis on which outstanding balance of claim has been determined, Begins:

Settlement of Canadian Government Share of Military Civil Relief to Belgium

The initial amount of the Combined Civil Affairs Liquidating Agency (CCALA) summary of bills being *U.S. dollars 156,449,251.50*, the Canadian share of five percent amounts to *U.S. dollars 7,822,462.58*. This figure has been adjusted to *U.S. dollars 7,106,085.52*. Furthermore nine payments have been made representing a total value of *U.S. dollars 58,225.05*. The balance to be paid thus amounts to *U.S. dollars 7,047,860.47*. Ends.

5. The Belgians desire no publicity be given at present to this settlement and Sinclair would be grateful if this wish could be carefully observed.[10]

896. DEA/2295-AH-9-40

L'ambassadeur en Belgique
au secrétaire d'État aux Affaires extérieures

Ambassador in Belgium
to Secretary of State for External Affairs

TELEGRAM 20 Brussels, January 20, 1950

1. Reference military relief credits. Protracted negotiations with representatives of Luxembourg Government have resulted in their making following final proposals, Begins:

2. "(1) The amount due Canada is five per cent of the total amount billed by C.C.A.L.A., i.e., $430,289.71 United States as shown in Appendix A of final report of C.C.A.L.A. dated June 30th, 1947.

(2) In their memorandum of November 29th, 1949, Luxembourg Government pointed out that the United States and United Kingdom Governments had made adjustments of 25.25 percent and 17.5 percent respectively. Accordingly Luxembourg Government suggested that the Government of Canada make adjustment of 20 percent on amount claimed.

(3) At a meeting which took place at Luxembourg on January 23rd [sic] representatives of both Governments exposed their respective points of view. In conclusion, Luxembourg Government agreed to consider as an undisputed liability vis-à-vis the Government of Canada an amount of $365,000 United States.

(4) Luxembourg Government is prepared to pay the sum of $365,000 United States thirty days after receipt of final bill." Ends.

3. This proposal emerges from consideration of the following:

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[10] Le ministère des Affaires extérieures en a approuvé les termes le 15 mars 1950.
Terms were approved by the Department of External Affairs, March 15, 1950.

(a) Luxembourg reservations contained in their letter of July 11th, 1947, to C.C.A.L.A. accepting latter's overall bill;

(b) (Adjustment?)/accepted by United Kingdom Government.

4. Sinclair is satisfied as Read and myself are that it would be difficult to improve on the above proposal which you will note represents slightly better terms than were obtained by the United Kingdom.

5. Luxembourg suggests our bill be presented through the Canadian Minister to Luxembourg.

6. Would appreciate receiving your views by Monday morning.[11]

897. PCO

Note du secrétaire d'État par intérim aux Affaires extérieures pour le Cabinet

Memorandum from Acting Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 25-50 [Ottawa], January 23, 1950

SECRET

MILITARY RELIEF — SETTLEMENT OF CANADIAN CLAIMS AGAINST GREECE

Canadian policy regarding claims against European countries for military relief was set forth in P.C. 3065 of July 31, 1947.† A copy of that document is attached. In paragraph 5) (a) (iii) the Canadian claim against Greece is set at $612,352 (U.S. dollars).

2. On May 15, 1947, the Government of Greece was advised of the total military relief bill from the United States, United Kingdom and Canada, and of the shares of the three countries, including the Canadian share mentioned above. The bill was presented in terms of U.S. dollars, but the actual forms of settlement were to be agreed by each of the three countries with Greece.

3. The United Kingdom and the United States have both waived their claims against Greece. Action by the United States was part of a general settlement of post-war claims.

4. After careful consideration, it was decided that Canada should not waive her claim outright in the case of Greece (or Italy). It was felt that Canada's financial contribution to post-war European recovery could better be made in other ways. The United States and United Kingdom Governments were, however, informed on January 13, 1947, that while we were not prepared to waive our claim against Greece we would nevertheless only seek a "nominal" settlement in view of the

[11] Le ministère des Affaires extérieures en a approuvé les termes le 22 janvier 1950. L'accord avec la Belgique et celui avec le Luxembourg n'ont pas été publiés dans le *Recueil des traités*.
Terms approved by the Department of External Affairs, January 22, 1950. The agreement with Belgium and the agreement with Luxembourg were not published in the *Treaty Series*.

serious economic difficulties of that country. On September 23, 1947, the Government of Greece was informed of the intention of the Government of Canada to request no more than a "nominal" settlement. It was, however, indicated that at some later date we would wish to discuss this claim.

5. The Department of Finance and External Affairs subsequently agreed that we should seek to acquire as soon as possible some real property, and improvements on it, in partial settlement. Our Ambassador in Athens was instructed on July 14, 1948, to make a formal approach to the Greek Government to enquire whether they would agree to arrange for the transfer of premises for use as a residence and/or Chancery for our Mission and to provide the funds required for repairs, decoration, alterations and for the purchase of furnishings insofar as these costs could be met within Greece. The possibility was also mentioned of the provision of "blocked" drachmae for payment of the annual maintenance expenses of our Mission over a specified number of years.

6. Our Ambassador has from time to time asked for a settlement along these lines. The Greeks have accepted the principle that they should arrange for the transfer of premises, but they appear unwilling to go beyond that. One building suitable as an embassy might be valued at $150,000 to $200,000, i.e. 25% to 30% of our total claim. In the case of Italy Cabinet recently decided that we should not ask for more than about 10% of our claim; however our total claim against Italy is for more than $28,000,000.

7. In view of these considerations, I recommend:

(a) that the negotiations which are now under way with the Government of Greece for the settlement of Canada's claim for military relief be continued along the same lines as heretofore;

(b) that we be prepared to accept in full settlement some real property, suitable to the needs of our mission in Greece;

(c) that, if a further request seems reasonable in the light of the value of the property accepted and of all the other circumstances, the Greek Government be requested to provide funds for repairs, decoration, alterations and furnishings, in so far as these costs can be met within Greece.[12]

L.S. ST. LAURENT

[12] Approuvé par le Cabinet le 25 janvier, 1950./Approved by Cabinet, January 25, 1950.

898. DEA/2295-AH-9-40

Le chargé d'affaires en Belgique
au secrétaire d'État aux Affaires extérieures

Chargé d'Affaires in Belgium
to Secretary of State for External Affairs

DESPATCH 48 Brussels, January 31, 1950

Sir,

I have the honour to refer to your telegram No. 10 of January 27† relating to the settlement of the Luxembourg debt to Canada on Military Civil Program account in which you advised that the settlement tentatively agreed upon, as a result of the negotiations which Mr. James Sinclair, M.P., Mr. C.L. Read and myself had in Luxembourg with the representatives of the Luxembourg Government and which were outlined in our telegram No. 20 of January 20, 1950, are acceptable to the Department of Finance. The Luxembourg Minister of Finance, Mr. Dupong,[13] has been told informally of your acceptance.

2. In paragraph 2 of your telegram No. 10† you indicated that you would prefer to have all military relief settlements confirmed by an exchange of notes in Ottawa. There is no need for an exchange of formal notes, in fact the Belgians wish to avoid such an exchange. Luxembourg would have no objection however and would be quite happy if it took place in Ottawa.

3. As regards the Belgians, there is no doubt that they had hoped for better terms. I believe that Mr. Sinclair and Mr. Read feel, as I do, that if we had anyone but Colonel Jacqmin to deal with, the negotiations in Brussels would have been very much more difficult and might have spun out indefinitely.

4. I am further convinced that Colonel Jacqmin was able to persuade his Ministry to agree to our terms very largely because of the presence in Brussels of the Parliamentary Assistant to the Canadian Minister of Finance. I have reason to believe that Jacqmin was able to use this fact to make his people realize that Canada attached serious importance to the prompt payment of this debt and that the affair in hand was not simply a matter of getting a fair share of another trans-Atlantic "handout".

5. You will perhaps have sensed something of the foregoing from the contrast between our telegram No. 14 of January 17 and our telegram No. 16 of January 19. The former gave the results of the first stage of the negotiations with Colonel Jacqmin. When it was sent we believed that all that remained was to receive your acceptance and then to have the agreement quoted in the telegram initialled here. The next morning, however, Colonel Jacqmin telephoned to ask if he could see us again at once. When he came to the Embassy it was clear that he had been instructed to reopen the whole discussion and to obtain a reduction of something like 20 percent. He carried out these fresh instructions with great skill and plausi-

[13] Pierre Dupong, premier ministre et ministre des Finances du Luxembourg.
Pierre Dupong, Prime Minister and Minister of Finance of Luxembourg.

bility, but with obvious personal realization that the supporting arguments which he was forced to use were not very relevant. We naturally reacted strongly, and after an hour or so he promised to go back to his Ministry and to make it clear that Canada, having agreed to reasonable and properly supported accounting adjustments, expected the resulting amount to be settled promptly, in full, without further haggling. Late in the day he returned to tell us that his people had agreed and he put forward the even more acceptable proposals as set out in my telegram No. [16] of January [19].

6. As indicated in our telegram No. 16 of January 19 and as Mr. Sinclair has explained, I understand, in a personal letter† to Mr. Abbott, the Belgians having met our terms are extremely anxious to have payment effected with a complete absence of publicity and with the use of as little formal paper as possible. I believe that what they would like to receive is a few lines from the Department of External Affairs to the Belgian Embassy in Ottawa enclosing a bill from the Department of Finance for the sum of U.S. $7,047,860.47 in settlement of the Canadian share of the Belgian debt arising from supplies furnished under the Allied Military Civil Program. The whole settlement should be kept on an administrative level, with no reference whatever to "negotiations".

7. Since the Belgians have agreed to payment in full in U.S. dollars, with no payments in francs to the account in Brussels of the Government of Canada, we shall, I assume, revert in so far as the Embassy expenses are concerned to the system in force prior to May 1949.

I have, etc.

BRUCE A. MACDONALD

899. DEA/2295-AH-3-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

DESPATCH 97 Paris, February 3, 1950

CONFIDENTIAL

Sir,

I have the honour to refer to your despatch No. 27 of January 9th† and my telegram No. 64 of February 2nd† concerning the discussions held in Paris from January 30 to February 1st with the French authorities on the subject of our Military Relief claim against France.

2. The French Delegation consisted of three officials from the Ministry of Finance led by Mr. Clermont-Tonnerre, Assistant Director of External Finance in that Ministry, and a representative of the Ministry of Foreign Affairs. On the Canadian side, in addition to Mr. James Sinclair, M.P. and Mr. C.L. Read of the Depart-

ment of Finance, Mr. [George P.] Kidd and Mr. [H.M.] Robertson of the Embassy attended the talks.

3. The effective work of these discussions was completed in two short meetings. From the outset, we explained that we wished at the present time to conclude an interim settlement whereby the Canadian Government might receive some payments in francs to cover various Canadian Government expenses in this country. In support of this position, it was pointed out that we felt it was undesirable to negotiate a final settlement at this juncture since the claim of the Canadian Government was small in magnitude in comparison to the claim of the United Kingdom Government and that we considered it would be to the mutual benefit of all concerned to defer settlement until the larger claim had been negotiated. While the French were quite prepared to proceed with the discussions on this basis, they were interested in receiving some idea of the approximate figure of our total claim in order to be able to justify interim payments. The figure given to the French for this purpose was that of approximately $13,500,000 (U.S.). The French on their part felt that it would be helpful also if they gave us some indication of the figures they had in mind in relation to all the Military Relief claims. They stated that adjustments had been made during their talks with the United States during which the total C.C.A.L.A. figure of approximately $247,000,000 (U.S.) was adjusted to approximately $175,000,000 (U.S.). The reasons mentioned for these adjustments were discrepancies in the bills for P.O.L. and the fact that a substantial amount of the supplies billed under Military Relief were actually furnished under Lease-Lend. In commenting on this we explained that while we were quite prepared to consider any fair adjustment in our figure when the time came to negotiate a final settlement, we were not in a position to discuss this point at the present meeting. The subject was therefore not discussed further and left on the basis of this exchange of views.

4. We then proceeded to the main core of the business at hand, that of obtaining some interim payments in French francs from the French Government. The French delegates were quite agreeable to our proposals for interim payments and raised no objection to the uses for which it was proposed that these francs might be put by the Canadian Government, i.e.

(a) For the current expenditures of the Canadian Government in France;

(b) For the purchase of an Embassy and residences in France;

(c) For the purchase of furniture and furnishings for Canadian Missions throughout the world;

(d) For any cultural and educational programme which the Canadian Government might embark upon at a later date in this country.

In addition, they indicated their agreement in principle to our proposal that French francs might be used for the purchase of a property in Greece for the Canadian Government, with the proviso however that the Greek authorities would have no objection to such a proposal. While discussing these payments on account, the French authorities pointed out that they would like to have some approximate figure of our needs in francs on which to base such interim payments, and it was agreed that the figure of $4,000,000 (U.S.) in French francs might be taken as

indicative of the total requirements of the Canadian Government over the next two years for the purposes described above.

5. At the final meeting a draft of a note† was prepared, a copy of which is attached to this despatch. It is proposed that this note, if agreeable to the Canadian authorities, should be sent by the Ministry of Foreign Affairs to the Embassy, and that it, together with the Embassy's reply, should constitute an interim agreement on our Military Relief claim against France pending a final settlement.

6. You will observe that the draft note suggests that postponement of a final settlement was made in consideration of the wishes of the Canadian Government. This we understand is rather important to the French politically in order to justify these payments on account against a debt of an unfixed amount. As mentioned previously, we did suggest that final settlement should be deferred until such time as the United Kingdom had completed their negotiations with France.

7. I should be grateful to receive your comments on the proposed French note and any suggestions as to our reply, at your earliest convenience, in order that we may complete the necessary formalities with the French authorities.[14]

8. A copy of this despatch is being sent to Canada House.

I have, etc.

GEORGES P. VANIER

900. DEA/2295-AH-5-40

L'ambassadeur en Grèce
au haut-commissariat au Royaume-Uni

Ambassador in Greece
to High Commission in United Kingdom

TELEGRAM 1 Athens, February 4, 1950

No. 1 of February 4th. Please transmit following to Rome as No. 1 from Athens. Begins: Following for Sinclair from Magann. Your telegram No. 3 of February 1st.†

1. Will welcome opportunity of seeing you, showing you this Embassy, and of discussing terms of settlement with Greece and other countries.

2. While study of problem on the spot will be very useful, consider discussions with Greek authorities inadvisable for following reasons:

(a) Present Greek Government a caretaker government which is empowered to take action only in matters of great urgency. Foreign Minister has told me that in the circumstances he would prefer that matter be discussed with the next Govern-

[14] Le ministère des Affaires extérieures en a approuvé les termes et les a confirmés lors d'un échange de notes entre le secrétaire général du ministère des Affaires étrangères et l'ambassadeur du Canada en France. Signé à Paris les 29 et 30 mars 1950.
Terms approved by the Department of External Affairs and confirmed in an exchange of notes between the Secretary-General, Ministry of Foreign Affairs and the Canadian Ambassador in France. Signed at Paris on March 29 and 30, 1950.

ment. Greek Minister of Finance has been away, question therefore not discussed with him.

(b) In midst of electoral campaigning now well under way there is considerable risk that one or more parties will use your discussions with Greek authorities for partisan purposes. Foreign Minister is firmly of the opinion that this possibility is not to be excluded. In view of frequent Greek Government leakages there is no guarantee whatever that information on your discussions with Greek authorities would not find its way into the press. Moreover, past experience indicates owner of Embassy has good contact in Foreign Office.

3. Therefore, suggest that if you come to Athens you do not discuss question with Greek authorities. Ends.

901. DEA/2295-AH-7-40

Le ministre en Yougoslavie
au secrétaire d'État aux Affaires extérieures

Minister in Yugoslavia
to Secretary of State for External Affairs

DESPATCH 48 Belgrade, February 7, 1950

CONFIDENTIAL

Sir,

SETTLEMENT OF MILITARY RELIEF — CANADIAN CLAIM AGAINST YUGOSLAVIA

I have the honour to refer to your despatch No. 7 of January 9, 1950,† on the above subject.

2. On Saturday, February 4, 1950, Mr. James Sinclair, Mr. Clarence L. Read and myself met with representatives of the Yugoslav Government and concluded an understanding with regard to the above claims. The text of the agreed draft Note† is attached for your approval. It was agreed that the Legation would present the Note to the Ministry of Foreign Affairs and in their Note of reply the text of our Note would be included, with a statement to the effect that the exchange of Notes would constitute an agreement.

3. You will note in paragraph 2 of the draft Note it is proposed that the Canadian Government accept in full settlement of the claim Yugoslav dinars to the equivalent of U.S. $150,000, to be deposited in the National Bank of Yugoslavia in 4 equal annual instalments commencing April 1, 1950. When the proposed terms of settlement were discussed in Ottawa before Mr. Sinclair and Mr. Read left, it was suggested that payments in dinars should be made by Yugoslavia as and when requested by the Canadian Government. During the course of the negotiations here the Yugoslav representatives expressed concern over the losses in receipts of foreign exchange if the proposed dinar account was used to meet current operating expenses of this Mission. They pointed out that under the interpretation applicable to the agreement of July 19, 1948, with the Government of the United States, the

dinar payments made to the Government of the United States are used only for the purchase of real property in Yugoslavia and not for current operating expenses. They felt that the use by Canada of dinars for purposes otherwise financed with foreign exchange was a considerable concession on their part in comparison with their agreement with the United States. In consideration of this it was felt that we might agree to spread the use of the dinars over a period of 4 years rather than make any further reductions in the amount of the total payment.

4. With reference to paragraph 5 of the draft Note, the Yugoslav representatives insisted on writing in such a clause. They said they knew of no outstanding claims between the two Governments but wished to have the fact on record as was done under the agreements with both the United States and the United Kingdom. It was made clear that while we saw no objection in principle to such a clause, if no debts or claims are outstanding, we could only write in the clause tentatively, subject to consideration and approval in Ottawa.

5. The Yugoslav authorities are anxious to close the matter as soon as possible and therefore it would be appreciated if you would cable your approval of the text of the draft Note.[15]

6. The attached draft Note and this despatch were prepared by Mr. Read and revised by Mr. Sinclair and myself.

I have, etc.
ÉMILE VAILLANCOURT

902. DEA/2295-AH-6-40

L'ambassadeur en Italie
au secrétaire d'État aux Affaires extérieures

Ambassador in Italy
to Secretary of State for External Affairs

TELEGRAM 21 Rome, February 11, 1950

MILITARY RELIEF

Following for Pearson and Abbott from Désy and Sinclair, Begins: Negotiations here extremely difficult. Italians maintain word: "nominal" in Pearson's letter was supported in subsequent conversations with External Affairs, Ottawa, as meaning only a building for Embassy. Désy insisted most strongly that his instructions from Ottawa at the time of these conversations were that nominal payment was to include building, repairs, alterations, etc., and scholarships, and gave exact dates when he summarized Canada's position to Count Sforza as far back as March, 1948. We have proposed settlement of three million on basis of 600,000 for building, 400,000 for two year Government operational expense in Italy, 2,000,000 for

[15] Le ministère des Affaires extérieures en a approuvé les termes. Voir Canada, *Recueil des traités*, 1951, N° 9.
Terms approved by the Department of External Affairs. See Canada, *Treaty Series*, 1951, No. 9.

scholarships and cultural purposes. This proposal now incompatible with Italian Cabinet, but see no hope of acceptance as Italians insist no mention has been made to them of latter items.

Sinclair proceeding to Athens and returning for Italian reply February 17th. Our feeling is we should not accept less than one and half million, the cut to be made on scholarships. C.D. Howe suggests we take whatever we can get, but we would not recommend any settlement less than a million. Would appreciate your final instructions before meeting Italians on morning of February 17th.

903. DEA/2295-AH-6-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Italie

Secretary of State for External Affairs to Ambassador in Italy

TELEGRAM 22 Ottawa, February 15, 1950

SECRET. IMPORTANT.

Following for Désy and Sinclair. Your telegram No. 21 concerning military relief.

1. Yesterday Cabinet considered the Italian account and agreed that you should press strongly for settlement of not less than one and one-half million dollars. This decision is in accordance with the view expressed in last paragraph of your telegram No. 21.

2. If settlement at this minimum figure proves impossible Government would agree reluctantly to a settlement at one million dollars but that figure represents absolute minimum.

3. Concerning suggestion in your telegram No. 22 of February 13† we can give no assurances concerning release of Italian surplus assets except that we are proceeding as quickly as possible. As you know we have consistently maintained that the military relief settlement is distinct and separate from the problem of Italian assets held by the custodian and we think that it would be undesirable to say anything at this time which might indicate we were linking the two subjects. Ends.

904. DEA/2295-AH-1-40

Le ministre au Danemark
au secrétaire d'État aux Affaires extérieures

Minister in Denmark
to Secretary of State for External Affairs

DESPATCH 54 Copenhagen, February 22, 1950

CONFIDENTIAL

Sir,

I have the honour to refer to your despatch No. 5 of January 9, 1950† informing me that Mr. James Sinclair, Parliamentary Assistant to the Minister of Finance, and Mr. C.L. Read of the Department of Finance, would be visiting Denmark among other countries in Europe to take part in negotiations for the settlement of claims of the Canadian Military Relief grants to Denmark.

2. Mr. Sinclair and Mr. Read arrived in Copenhagen by air on the afternoon of Sunday, February 19, 1950 and a conference was held between them, myself and officials of the Danish Ministries for Foreign Affairs, Finance and Commerce at Christiansborg at 11:30 a.m. on the morning of Monday, February 21, 1950. The conference was of brief duration as there was no difficulty in reaching general agreement on the principles to be adopted in the settlement. By arrangement with the Ministry for Foreign Affairs I have now received a draft Note† setting forth the settlement reached, two copies of which I am transmitting for your consideration and approval. It has already been seen and approved by Mr. Sinclair and Mr. Read. If it is entirely satisfactory we will advise the Ministry for Foreign Affairs to this effect on receipt of word from you and the settlement can then be concluded by a formal exchange of notes.

3. The settlement is based on the bills submitted through CCALA with the corrections and adjustments requested by the Danish Government in their Note of August 3, 1949 which was transmitted to you with my despatch No. 155 of August 8, 1949. The reductions made are proportionate to those agreed upon by the United Kingdom authorities who advised Mr. Sinclair and Mr. Read when they were in London that the War Office and Treasury officials had accepted the Danish proposals in respect of Beehive yarn and coal deliveries, the two outstanding items which had been under discussion.

4. The Danish representatives emphasized from the start that they considered the indebtedness due Canada on military relief in terms of Danish kroner calculated on the bills submitted by CCALA at pre-devaluation rates of exchange. You will recall that the debt was so expressed in their Note of August 3, 1949, which, as I mentioned above, went forward to you with my despatch No. 155 of August 8. Our position on this, however, was clearly stated and we finally, in effect, arrived at the compromise discussed with Mr. Sinclair and Mr. Read before they left Ottawa; i.e., payment of 2 million kroner converted at pre-devaluation rates, and the balance in United States dollars.

5. As it was emphasized by the Ministry for Foreign Affairs that it would be a matter of some embarrassment to them to have the formal agreement expressed in terms of U.S. dollars, the draft note accordingly expresses the debt in terms of kroner. This is not the form of agreement we would have preferred, but since the payments are identical to those proposed by the Canadian Government we were not disposed to be adamant on this point and acceded to the Danish wishes. You will also observe that the draft note enumerates the four purposes for which the Canadian Government's kroner account with the National Bank of Denmark may be used. Of these four, agreement in principle had already been reached on three in previous correspondence with the Ministry for Foreign Affairs and we experienced no difficulty in gaining a concession on the fourth point, i.e., conversion of a portion of the funds into other soft currencies, by mutual agreement in the future.

6. I feel that we can regard this settlement with satisfaction and I look forward to receiving your telegraphed approval in order that the formal exchange of notes finally settling the matter may take place at as early a date as possible.[16]

I have, etc.

DR. HENRY LAUREYS

905. DEA/2295-AH-4-40

Le ministre en Norvège
au secrétaire d'État aux Affaires extérieures

Minister in Norway
to Secretary of State for External Affairs

DESPATCH 57 Oslo, February 28, 1950

CONFIDENTIAL

Sir,

With reference to your airmail despatch No. 6 of January 9th† concerning military relief settlements — Canadian claim against Norway, I have the honour to report upon the recent negotiations undertaken for the purpose of settling the Canadian claim of $1,703,000 U.S. for military relief supplies sent to Norway in 1945.

2. Mr. James Sinclair and Mr. C.L. Read, the Canadian representatives specially appointed to negotiate settlement of Canadian claims against Norway and other European countries, arrived in Oslo from Copenhagen at 4:10 P.M., February 22nd, and left for London at 11:15 A.M., February 25th. In the two full days at their disposal three meetings with the Norwegian officials, the minutes† of which are enclosed, were held. The chief negotiator on the Norwegian side was Mr. Christian Brinch, Ekspedisjonsjef, Department of Commerce. It is a matter of regret both to

[16] Le ministère des Affaires extérieures en a approuvé les termes le 20 mars 1950. Voir Canada, *Recueil des traités*, 1951, N° 6.
Terms approved by the Department of External Affairs, March 20, 1950. See Canada, *Treaty Series*, 1951. No. 6.

myself and to the Canadian representatives that it did not prove possible to reach an agreement at these discussions. As matters were left after the final meeting the Norwegian Government will present a written statement of its case, probably through the Norwegian Legation in Ottawa. Mr. Sinclair, for his part, has undertaken to inform the Cabinet of the two alternative Norwegian offers and to present an answer, through the Canadian Legation in Oslo, by March 20th.

3. The alternative settlements offered by Norway were as follows:

(a) Immediate settlement of the total claim for $850,000 U.S.;

(b) A settlement of 8,000,000 kroner to be utilized for local Canadian expenses in Norway, educational and cultural exchanges and possible conversion into other soft currencies, all in accordance with a specific plan to be drawn up as part of the agreement.

4. The final offer made by the Canadian negotiators was a straight 25% reduction of the total claim (that is to $1,277,250), $200,000 to be paid in U.S. funds and the remainder in kroner, conversion into other soft currencies being left open to mutual agreement.

5. The Norwegian officials approached the discussions very cautiously and devoted a good deal of effort to establishing, first, that the Norwegian Government had, for various reasons, never accepted as valid the total for which Norway had been billed; second, that Norway could claim sweeping consideration on the basis of war damages and her weak international payments position; and third, that devaluation had radically altered the picture and established a claim to yet further consideration.

6. The big surprise in the negotiations was the offer of a quick settlement entirely in U.S. dollars. Enquiries off the record established the fact that these were free dollars which would be available only up to March 31st. It seems possible that they are earnings from Norwegian ships, though there was no satisfactory explanation offered as to why the period of their availability should be so short. The Norwegians were very wedded to this proposal, which they obviously hoped, and perhaps expected, that the Canadians would quickly accept.

7. By contrast there was a marked reluctance to discuss proposals for a kroner settlement, a reluctance which was underlined by their failing, or refusing, to bridge the relatively small gap between their final kroner offer and our own. Endless difficulties were raised about the details of settlement in kroner, but there were two considerations which appeared to bulk particularly large. The first objection seemed to be the very considerable increase in the claim, as expressed in kroner, which arises from devaluation; the second was an obvious dislike of a settlement which would involve long lasting obligations of a kind difficult to pin down at once by a hard-and-fast agreement.

8. My impression is that the Norwegians hoped that, by offering United States dollars, they would be able to cut their indebtedness to about half the total amount claimed by Canada. To say that I am disappointed with the Norwegian attitude would be an understatement and I am not inclined to recommend that Canada accept $850,000 (U.S.) as a settlement of the claim. The more especially because this course would deprive us here of any reasonable volume of kroner on which to

draw in the event that we should find suitable property for a Legation residence and chancery, for the furnishing thereof and for the running expenses of the mission.

9. In closing, I would like to pay a tribute to the tact and patience shown by Messrs. Sinclair and Read throughout the negotiations.

I have, etc.

E.J. GARLAND

906. DEA/2295-AH-6-40

L'ambassadeur en Italie
au secrétaire d'État aux Affaires extérieures

Ambassador in Italy
to Secretary of State for External Affairs

DESPATCH 139 Rome, March 2, 1950

SECRET

Sir,

I have the honour to refer to our telegram No. 32 of February 24† reporting in outline the settlement reached with the Italian government on the question of military relief payments.

2. I had hoped to be able before this to have sent you the draft Exchange of Notes and memorandum, but unfortunately, in spite of everything that we have been able to do, the final drafts have not as yet been approved by the Ministry of Foreign Affairs. I now feel however that because of these repeated delays it is perhaps advisable to send you the draft Exchange of Notes and memorandum as agreed on during our conversations but which have yet to be finally accepted by the Ministry. These drafts are enclosed herewith, but I must emphasize that they are not the final drafts.

3. I do not anticipate that when the final drafts are received there will be any important changes, but I have numbered the various paragraphs so that if there are any changes these can be reported to you by cable by referring to the numbered paragraphs.

4. Actually the delay has been caused by the necessity of obtaining the agreement from the Ministry of Foreign Trade to the final sentence in paragraph 2 of our draft note to the Minister of Foreign Affairs.

5. When it became clear that in spite of the agreed decision not to link the military relief payments with war assets payments, the Italian government had no intention whatsoever of paying a single cent on the military relief claims until agreement had been announced on the release of assets, we insisted on inserting this clause. As a matter of fact this reference to the impossibility of presenting the agreement to parliament until the announcement of an agreement on war assets was not actually brought up during the negotiations, but was included in the memorandum presented to us after Mr. Sinclair had left. This I consider to be a most unethical procedure on

behalf of the Italian government, and it was for this reason that in my cable under reference I recommended that no assets should be released in advance of full settlement of war damage claims.

6. You may perhaps wonder why it was not possible to reach an agreement for immediate payment of at least the eight hundred thousand Canadian dollars, but on this point the Italians simply refused to enter into any sort of discussion on the grounds that there was no point in discussing something which they knew parliament would not accept under any circumstances whatsoever, until they could announce an agreement on the release of war assets.

7. It is important to note of course that in the memorandum the Italians agree that as soon as an official announcement of the conclusion of an agreement on Italian assets can be made, the military relief agreement will be submitted to parliament without delay. Thus, whatever final arrangement is made about war assets the implementation of the military relief agreement will not be dependent on when war assets are released, but will only be dependent on the announcement that an agreement has been reached between the two governments for the release of Italian assets.

8. I am very glad that Mr. Sinclair was more successful in the other countries than in Italy, but in fact our case was undoubtedly very weak, because of the previous assurances to the Italian government that we would accept a nominal payment.

I have, etc.

JEAN DÉSY

[PIÈCE JOINTE/ENCLOSURE]

Projet d'une Note de l'ambassadeur en Italie au ministre des Affaires étrangères de l'Italie

Draft Note from Ambassador in Italy to Minister of Foreign Affairs of Italy

Rome, [n.d.]

Sir,

I have the honour to acknowledge receipt of your letter of today's date, as quoted below:

1. "Following the conversations held in Rome with Mr. James Sinclair concerning the question of civilian relief, and the agreements concluded with him, I have the honour to inform you that the Italian government, in token of gratitude for the help given by Canada to Italian civilians during the war, has decided to present the Canadian government with a property to be used as the seat of the Canadian Embassy in Rome.

2. "To this end, and so that the Canadian government may proceed with the buying, building and furnishing of this property, the Italian government will place at the disposal of the Canadian government a sum in Italian lire equivalent to eight

hundred thousand Canadian dollars calculated at the official rate of exchange used in commercial transactions on the day of payment, as soon as the Italian parliament will have approved such settlement. Pending the final payment of the aforementioned sum, should the Canadian government wish to purchase a property and its furnishings the Italian government will make the final payment in Canadian dollars for the sum which the Canadian government has imported into Italy for the purchase and furnishing of the property.

3. "At the same time the Italian government undertakes to conclude as soon as possible with the Canadian government a cultural agreement providing for the establishment of a foundation designed to facilitate intellectual exchanges between Canada and Italy, and to which the Italian government will assign in Italian government bonds bearing 5% interest a sum equivalent to five hundred thousand Canadian dollars at the rate of exchange used in commercial transactions on the day of payment. This amount will constitute a part of the endowment of this foundation and the yield will be used for the educational purposes to be determined according to the statute of the foundation. It is understood that whatever terms may be incorporated in this statute by the Cultural Convention, the President of the foundation will be the Canadian Ambassador in Rome."

4. The Canadian government, in taking note of this communication, instructs me to inform the Italian government that the payments mentioned in the Italian note constitute the nominal payment referred to in the previous correspondence and conversations between our two governments, and that it considers as closed all questions concerning the relief supplied by Canada to Italian civilians during the war.

Accept, etc.

[JEAN DÉSY]

907. DEA/2295-AH-6-40

L'ambassadeur en Italie
au secrétaire d'État aux Affaires extérieures

Ambassador in Italy
to Secretary of State for External Affairs

DESPATCH 147 Rome, March 9, 1950

SECRET

Sir,

I have the honour to refer to my despatch No. 139 of March 2, on the subject of the settlement of military relief payments.

2. For technical reasons the Italians have asked if we would not remove the last sentence of the second paragraph of the draft note to us beginning, "Pending the final payment of the aforementioned sum," and incorporate this agreement in an exchange of informal notes with the Minister of Foreign Trade.

3. As there appears to be no objection to this course, and in order to expedite settlement, I have agreed to this and despatched a note to the Minister of Foreign Trade incorporating the sense of that sentence. It is hoped that we shall receive a reply from the Minister of Foreign Trade within a day or so, and once this is received it is hoped that there will be no further delay in the acceptance by the Ministry of Foreign Affairs.

I have, etc.
JEAN DÉSY

908. DEA/2295-AH-4-40

Le secrétaire d'État aux Affaires extérieures au ministre en Norvège

Secretary of State for External Affairs to Minister in Norway

TELEGRAM 27 Ottawa, March 17, 1950

CONFIDENTIAL. MOST IMMEDIATE.

Reference your despatch No. 57 of February 28, 1950, the alternative proposals made by the Norwegian Government during the recent negotiations and in a note dated March 7† from Mr. Steen[17] for settlement of the military relief claim have been considered. The Canadian Government is prepared to accept in final settlement of the claim payment of $850,000 in United States dollars (on or before March 31, 1950). Payment could be made in Ottawa by cheque payable to the Receiver-General of Canada.

2. In advising the Norwegian Government of the acceptance of this proposal you should state that the Canadian Government in agreeing to this settlement has taken into consideration the losses incurred by Norway during the war and the long-term effects of the war upon the Norwegian economy.

3. The formal exchange of notes is being carried out immediately in Ottawa.[18] Action for receiving payment from the Norwegian Government is to be taken by you immediately in Oslo.

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[17] Daniel Steen, Ministre de la Norvège au Canada.
Daniel Steen, Minister of Norway in Canada.

[18] Voir Canada, *Recueil des traités*, 1951, N° 8./See Canada, *Treaty Series*, 1951, No. 8.

909. DEA/2295-AH-6-40

L'ambassadeur en Italie
au secrétaire d'État aux Affaires extérieures

Ambassador in Italy
to Secretary of State for External Affairs

TELEGRAM 48 Rome, March 20, 1950

IMPORTANT

MILITARY RELIEF NEGOTIATIONS

My despatches No. 139 of March 2nd and No. 147 of March 9th. Final reply from the Italian Government received. Memorandum remains unchanged, note from Foreign Minister and my reply embodying such note should be amended by deleting from paragraph two last sentence starting with "pending the final settlement".

2. The substance of this sentence is already embodied in an exchange of notes with Signor Lombardo, Minister of Foreign Trade, as indicated in my despatch No. 147 of March 9th, 1950.

3. Kindly advise whether I can proceed with exchange of notes with Foreign Minister as amended above. Should be obliged if you would transmit this information to Mr. James Sinclair.

910. DEA/2295-AH-6-40

L'ambassadeur en Italie
au secrétaire d'État aux Affaires extérieures

Ambassador in Italy
to Secretary of State for External Affairs

TELEGRAM 50 Rome, March 25, 1950

CONFIDENTIAL

Following for Moran from Désy, Begins: As (communicated?) in my despatch No. 147 of March 9th, which was forwarded by air bag No. 12 of even date and for which we have received the receipted schedule dated March 13th, the Italian Foreign Ministry suggested the deletion because they consider that when exchange of note has been ratified by the Italian Parliament the payment in Canadian dollars equivalent to (sum?) imported into Italy by Canadian Government is a purely administrative measure and that Minister of Foreign Trade is the competent authority to deal with the matter.

Italian officials were afraid that inclusion of the undertaking in the exchange of notes would complicate the issue and force the Italian Government to enter into discussions with the various Departments of Treasury and of the Foreign Trade Ministry for securing reimbursement in Canadian currency should there not be pre-

vious understanding between us and Trade Minister on subject. We are satisfied that exchange of letters with Lombardo protects fully our position as well as theirs. Ends.

911. DEA/2295-AH-6-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en Italie

Secretary of State for External Affairs
to Ambassador in Italy

TELEGRAM 56 Ottawa, March 29, 1950

CONFIDENTIAL. IMMEDIATE.

For Désy, from Moran. Your telegram No. 50 of March 25 received here March 27.

1. Have discussed matter with Ministers who are puzzled not only by the arrangement suggested but by the reasons given by the Italian Foreign Ministry. However, our Minister is prepared to authorize you to exchange the notes and proceed with purchase of the Grandi property provided you obtain from the Italian Government an assurance that the understanding between you and the Trade Minister concerning reimbursement to us of Canadian dollars is binding on the Italian Government. Ends.

912. DEA/2295-AH-6-40

L'ambassadeur en Italie
au secrétaire d'État aux Affaires extérieures

Ambassador in Italy
to Secretary of State for External Affairs

TELEGRAM 57 Rome, March 30, 1950

CONFIDENTIAL. IMPORTANT.

Following for Moran from Désy, Begins: Your telegram No. 56 of March 29th re military relief credits. Agreement for the transfer of lire imported for purchase of property into Canadian dollars will be incorporated in memorandum.

1. Arrangement was agreed to because I am satisfied our interests protected. To have insisted on keeping this clause in the exchange of notes would have delayed signature of the notes considerably more than has been case, as well as delaying ratification. Sforza now in Strasbourg and probably will not return until April 4th so that cannot have signature until after Easter. Hope to sign tonight or tomorrow morning private deed of sale of the Grandi property which makes final the transfer of the property, subject to the title being free of all encumbrances. Title search may take some time and I do not anticipate that the money will be required until after

Easter. Under the circumstances, no final contract with Grandi will be signed before the notes have been exchanged with Sforza on military relief.[19]

I am leaving, as planned, for Sicily afternoon of March 31st, all arrangements having been made for my official trip. Ends.

913. DEA/2295-AH-5-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Grèce

Secretary of State for External Affairs to Ambassador in Greece

DESPATCH E-265 Ottawa, September 16, 1950

CONFIDENTIAL

Reference: Your Despatch No. 276 of August 4, 1950.†

MILITARY RELIEF — SETTLEMENT WITH GREECE

We would be grateful if you would re-open this matter with the Greek authorities.

2. If the Greek authorities are willing to make a settlement we would greatly prefer to receive a property. As the amount involved in the settlement will be relatively small, and as the Government situation in Greece may remain unstable, it seems preferable to make one clear-cut settlement rather than become involved in matters such as scholarships or Greek antiquities which might require prolonged negotiations and extensive administrative arrangements.

3. You will by now have received *Hansard* for June 29th. In the prepared part of his statement (page 4380, column 2) Mr. Sinclair said: "If we get no other payment out of Greece than gratitude I think Canada will have been well repaid". This certainly would appear to indicate that the Canadian Government was not intending to press the Greek Government strongly for a settlement; on the other hand it also indicates quite clearly that the Canadian Government still anticipates the possibility of receiving from Greece something in addition to gratitude.

4. At a later point in the debate Mr. Sinclair was discussing the Greek situation with Mr. Fleming[20] and at that point (page 4383, column 2) he is reported as saying: "I spoke a little loosely when I said our aim was to get as much as we could. That was certainly true of those countries which could afford to pay but it was never thought by the Government at all that anything should be asked for from Greece". It is not easy to place an exact interpretation on the last sentence and it may have been misreported. It is clearly not correct to say that "It was never thought by the Government ... that anything should be asked for from Greece".

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[19] Voir le document 988./See Document 988.

[20] Donald Fleming, député progressiste-conservateur (Eglinton).
Donald Fleming, Progressive Conservative M.P. (Eglinton).

5. In discussing your despatch with the Department of Finance the question of the "defaulted credit" extended to Greece after the First World War has come up again. As I think you know, the Canadian Government is still carrying on its books as an active asset a debt of $6,525,000 (principal) in the case of Greece along with a debt in the same category owed by Roumania. It is, however, agreed here that it would be inadvisable, both from a financial and political point of view, to raise now the issue of the old debt. It should be left open for possible future consideration. Present discussions with the Greek authorities should be limited to the question of settlement of the military relief claim.

H.O. MORAN
for Secretary of State for
External Affairs

914. DEA/2295-AH-3-40

Le directeur de la Direction des relations économiques internationales du ministère des Finances au chef de la Direction économique

Director, International Economic Relations Division, Department of Finance, to Head, Economic Division

Ottawa, October 27, 1950

Dear Wynne [Plumptre],

With reference to our telephone conversation last evening concerning military relief settlement with France I am enclosing herewith a copy of a draft note to the French Ambassador on which we would like to obtain the views of your Department. In this connection I would call your attention particularly to Paragraph 7. When the people in your Department have had a chance to study it I would be grateful if you would give me a call.

Yours sincerely,
JOHN J. DEUTSCH

[PIÈCE JOINTE/ENCLOSURE]

Projet d'une Note du secrétaire d'État aux Affaires extérieures à l'ambassadeur de la France

Draft Note from Secretary of State for External Affairs to Ambassador of France

[Ottawa], October 20, 1950

By an exchange of letters dated March 29 and March 30, 1950, between your Ministry of Foreign Affairs and the Canadian Ambassador in France, an interim arrangement pending final settlement of Canada's claim in respect of military relief

was agreed upon. This claim of the Government of Canada against the Government of France in the amount of U.S. $13,455,414.98 is for reimbursement in respect of Canada's share of the value of supplies distributed to the civilian population of Metropolitan France and to the French Zones of Germany and Austria by the combined military authorities under the Supreme Allied Command.

2. By your Note No. 18, dated February 3, 1950, and my reply, Note No. 38, dated April 8, 1950, the lump sum of $1,150,000 was agreed upon as the amount of compensation owing by the Government of Canada to the Government of France in respect of French vessels requisitioned by Canada during the war, the conditions and method of payment of this amount to be a matter for discussion between our two governments. This claim is made by your Government on behalf of the owners of vessels concerned.

3. During recent discussions in Paris between representatives of our two governments it was agreed that full and final settlement of these two claims arising from the war should be made under one agreement in the manner and terms set forth in the following paragraphs.

4. The Government of France agrees that the amount of the compensation referred to in paragraph 2 above due to the Government of France in respect of vessels requisitioned during the war shall be offset against the claim of the Government of Canada, referred to in paragraph 1 above, and agrees that this shall constitute full and final settlement of the claim of the Government of France referred to in paragraph 2 above and the Government of France indemnifies the Government of Canada against any further claims by it or its nationals in respect of French vessels requisitioned by the Government of Canada during the last world war.

5. The Government of Canada, in view of the above settlement and of representations concerning adjustments in the accounts of military relief supplies and in consideration of the serious long-term effects of the war on the economy of France, agrees to accept an amount of U.S. [$7,513,610] in French francs in full and final settlement of the claim referred to in paragraph 1 above.

6. The Government of France agrees to deposit from time to time as requested to the credit of the Government of Canada in special accounts established for this purpose, French francs not exceeding the equivalent in value of U.S. [$7,513,610], including payments equivalent to U.S. $500,000 already made on account under the arrangement referred to in paragraph 1 above. French francs so transferred to the account of the Government of Canada will be credited under this settlement in terms of U.S. dollars at the rate of exchange established in accordance with the rules and regulations of the International Monetary Fund or, in the absence of such a rate, at the rate of exchange used by the Government of France in its official transactions on the date each such deposit is made.

7. Any deposits into the special accounts may be used by the Government of Canada:

(a) to meet any of its current expenditures in France;

(b) to purchase real estate for Canadian diplomatic and consular establishments in France;

(c) to purchase in France furniture and furnishings for Canadian diplomatic and consular establishments both in France and in other countries;

(d) to meet the costs of educational and cultural programmes which the Canadian Government may undertake in France;

(e) to provide for any other expenditures which might later be agreed upon between our two governments.

The Canadian Government considers that deposits into the special accounts at the rate of the equivalent of U.S. $500,000 every six months will be sufficient to meet its requirements under items (a), (b) and (c) above. The requirements of the Government of Canada to meet the costs of educational and cultural programmes in France will be a subject for discussion between our two governments when inauguration of such programmes is being considered.

8. If the present note correctly sets out the understanding reached between the representatives of our two governments in regard to the foregoing, I have the honour to suggest that this note and your reply be regarded as constituting an agreement between our two governments.[21]

915. DEA/2295-AH-5-40

L'ambassadeur en Grèce
au secrétaire d'État aux Affaires extérieures

Ambassador in Greece
to Secretary of State for External Affairs

DESPATCH 434 Athens, November 21, 1950

CONFIDENTIAL

Reference: Your despatch No. E265 of September 16, 1950.

MILITARY RELIEF SETTLEMENT WITH GREECE

Owing to the changes of government and my absence from Athens to attend the I.R.O. meetings in Geneva, I did not have the opportunity of taking up this matter with the Prime Minister [Sophocles Venizelos] (who is also Minister of Foreign Affairs) until today.

2. As you will remember, the question of settlement was previously discussed with Mr. [Constantine] Tsaldaris (then Foreign Minister) by my predecessor, [Major] General [Léo R.] LaFlèche. Since the receipt of your despatch under reference, Mr. Tsaldaris and his party have fallen into disfavour and all Populist members have been excluded from government office. It was necessary, therefore, to make a fresh start and for this purpose I called on Mr. Venizelos today.

3. As Mr. Venizelos appeared to have little or no knowledge of the previous discussions, I felt obliged to explain the difficulties of acquiring the present residence at 15 Vassilissis Sophias and I said that we would not agree to pay the owner

[21] Voir Canada, *Recueil des traités*, 1951, N° 17./See Canada, *Treaty Series*, 1951, No. 17.

U.S. dollars and were consequently looking for a new property (land with or without buildings) on which to establish a chancery and residence. Mr. Venizelos replied that it would be quite out of the question for the Greek Government to pay the purchase price in U.S. funds but that the Government owned a considerable amount of land in Athens and I could rely on his support and assistance if the Canadian Government was willing to accept a settlement by a transfer of land. He asked also if I preferred Athens or Psychico. I told Mr. Venizelos that I believed you would be willing to accept land in settlement and that my personal preference was for land in Athens rather than in Psychico. Mr. Venizelos then undertook to obtain from the Department of Finance a list of the government-owned properties in Athens and to let me have this within a few days. As soon as I have inspected these properties I shall make another report on this matter.

4. Mr. Venizelos' reception of me and of this proposal was both cordial and sympathetic. I have some hopes of arranging a satisfactory settlement if suitable land is available and if Mr. Venizelos remains in power for somewhat longer than the recently established average life of a Greek government.

GEORGE MAGANN

916.

DEA/2295-AH-3-40

Le sous-secrétaire d'État aux Affaires extérieures au sous-ministre des Finances

Under-Secretary of State for External Affairs to Deputy Minister of Finance

Ottawa, November 8, 1950

Attention: Mr. John J. Deutsch

I refer to your letter of October 27 in which you requested our views on a draft note to the French Ambassador concerning the settlement of the Canadian Military Relief Claim against France.

You particularly directed our attention to paragraph 7 of the note which deals with the uses to which the money received may be put, and the rate of withdrawal.

With respect to the latter, the rate proposed of $500,000 every six months appears satisfactory. However it might be pointed out that if the $500,000 received last May 11 under the Interim Agreement is considered the first payment when this exchange of notes takes place and we have to wait for another six months before receiving a further payment of $500,000, we will be obliged to purchase francs with Canadian Dollars to pay for our expenditures in France as we have already spent $360,000 of the $500,000. We suggest, therefore, that any payments made under the Interim Agreement be deducted from the total owed and that they be excluded as payments under the Agreement to be concluded.

The provisions for use by the Canadian Government of the money received meet our requirements. It is not possible at the present time to let you know just what funds will be needed to defray the cost of purchasing real estate, furniture, and

furnishings for our diplomatic and consular establishments, but it is thought that we will not have to meet expenditures in excess of $500,000 every six months.

Clause 7 (c) as drafted would not permit the Canadian Government to buy furniture and furnishings for the Prime Minister's residence. We understand that consideration is being given to use some of this money to furnish one or two rooms at 24 Sussex Street. To provide for an expenditure of this nature, the clause might be amended to read "to purchase in France furniture and furnishings for Canadian Government establishments both in France and in other countries". The French should have no objection to this change if the purpose is explained.

It would be helpful if the scope of clause 7(b) were enlarged somewhat to include the cost of structural improvements, of remodelling and refurbishing the real estate.

There are a few alterations we would like to suggest in the text of the note. The first is that there should be no mention in paragraphs 1 and 2 to exchanges of notes and letters because the subject matter is included in the Text and it would be necessary to attach the notes and letters to this Agreement when it is published. These paragraphs would therefore read as follows:

(a) "In March 1950 an Interim Agreement was reached between your Minister of Foreign Affairs and the Canadian Ambassador in France pending final settlement of Canada's claim in respect of military relief ..."

(b) "Similarly in February and April 1950 it was agreed that the lump-sum of $1,150,000 should be the amount of compensation due by the Government of Canada to the Government of France ..."

A suitable salutation will no doubt be incorporated at the beginning of the note.

The wording of paragraph 4 is satisfactory in so far as the Agreement to offset the claims is concerned. The final statement in that paragraph to the effect that "the Government of France indemnifies the Government of Canada against any further claims by it or its nationals in respect of French vessels requisitioned by the Government of Canada during the last World War," may require revision. We understand that the indemnity clause is particularly directed to secure indemnity from the French Government for the proceeds of sale of the cargo of the S.S. *Angelus*, a subject being dealt with by the Prize Court at the present time. Since the Department of Justice conducts all Prize Court proceedings on behalf of the Crown, it should be given an opportunity to indicate the type of indemnity clause to which we would like the French to agree. The statement might ultimately be phrased as follows: "The Government of France agrees to indemnify the Government of Canada against any claims by it or its nationals or the owners of vessels registered in French ports and requisitioned by the Government of Canada during the last war, in respect of such French vessels or their cargoes."

The clause as it now stands is not promissory and does not mention cargoes nor does it provide for the possibility that the claimants in the case of the S.S. *Angelus* may not be French nationals.

The question of expenditures for our cultural and educational programmes in France will have to be held in abeyance for some little time. The policy for such

programmes is under active consideration but it is not expected that we will be in a position to make concrete suggestions before the beginning of 1951.

H.O. MORAN
for Under-Secretary of State
for External Affairs

SECTION B

INTÉGRATION EUROPÉENNE
EUROPEAN INTEGRATION

917. PCO/Vol.156

Le président suppléant de la Commission de contrôle du change étranger à l'administrateur adjoint du Programme d'Administration de coopération économique des États-Unis

Alternate Chairman, Foreign Exchange Control Board, to Assistant Administrator of Program, Economic Cooperation Administration of United States

PERSONAL [Ottawa], January 3, 1950

Dear Bissell,

You may recall that when I visited you in Washington a couple of weeks ago you were good enough to hand me a copy of an ECA working paper dated December 9th on Intra-European Currency Transferability and Liberalization of Trade.† You did not specifically invite comments, but it has occurred to me that it might be a welcome change for someone connected with ECA to be on the receiving end for a few moments — even if only for disinterested comments. The views I express in this letter are, of course, personal, though I should say that I have discussed the paper with a few people here who are concerned with these matters and I think that they would agree with most of what I propose to say.

In the first place, I think that, viewed as a set of arrangements to facilitate trade within the group of countries covered, i.e. sterling area and Western European group of countries, the present proposals represent a considerable improvement over the arrangements embodied in the intra-European Payments Agreement. The improvement results mainly from the fact that in the set-up you are now proposing a sniff of the market is introduced through the untieing of drawing rights and through the provisions regarding quantitative trade restrictions. Of course, so far as the latter is concerned the proof of the pudding will be in the eating; and if, as I suspect, the basic reason for many of these quantitative restrictions is simply protection, rather than balance of payments difficulties, you are going to encounter great resistance to doing away with them even though ECA may be prepared to put quite a bit into the pot.

Another feature about the new proposals which is good is that the arrangements for creditors getting progressively smaller, and debtors paying progressively larger,

proportions in the form of gold for their intra-area surpluses and deficits beyond a certain point do appear to provide appropriate national incentives, i.e. for surplus countries to sell to the Western Hemisphere and for deficit countries not to regard their imports derived from within the area as "free". What bothers me about this is — how does one translate these *national* incentives into *individual* incentives for the exporters and importers in the various countries. If this is to be done through the price mechanism it would seem to involve pretty continuously fluctuating exchange rates with the cross-parities disrespected. The opportunities this affords for all sorts of tricks and games make me shudder. Perhaps the price system isn't expected to do this job — does this mean then that it is done by export controls? To put the question concretely, when Belgian exports to the area have passed beyond the agreed credit margin plus the agreed structural surplus and Belgium is getting less than 100 per cent gold settlement for her exports to the area, there is a national incentive for Belgium to shift exports to the Western Hemisphere but how is she expected to create individual incentives for her exporters to look for markets in the U.S.A. and Canada?

I would like to refer now to some of the broader issues connected with these Western Europe cum sterling area payments arrangements. It seems to me that there are two ways of looking at these arrangements. One way is to regard them as a piece of machinery for facilitating intra-area trade. Another is to regard them as a part of the process of attaining the ultimate economic objectives of the European Recovery Program which I conceive to be that the dollar earnings of Western Europe shall be raised to a level which, when supplemented by a reasonable continued outflow of capital from the United States, permits Europe to balance her dollar accounts at a high level of transactions without the necessity of continued discrimination against dollar imports. Now this second objective is obviously much more important than the first — in fact there is no immediately apparent reason why intra-European trade should be especially encouraged, unless of course one despairs of ever reaching the second objective. At all events this does point to the necessity of making sure that the arrangements to facilitate intra-area trade are not of a character which will tend to reduce the dollar earnings of the countries concerned.

You are yourself, of course, well aware of this and the new elements which have been introduced into the plan reflect your concern — in particular, the multilateralization of drawing rights and the arrangements for the abolition of quantitative restrictions. But I think it important to recognize that, even with these safeguards, the plan does involve certain risks. One is it will add to the inflationary pressures in the countries concerned. I say add to the pressures, because it seems to me that the desire for defence and social security programs which are really beyond the economic capacity of these countries plus the fact that the area includes undeveloped countries where inflation tends to be endemic probably makes this whole Western Europe-sterling area constellation an inflationary area anyway, as compared with the United States and Canada. The provision now of guaranteed credit margins *plus* guaranteed cash for financing intra-area trade can, unless precautions are taken, help this part of the world to develop into a separate trading area, with costs and prices higher than in the dollar countries, and protected against the dollar countries

by discriminatory import restrictions. One need only think of the way in which the operations of the sterling area (an area of multilateralism and free capital movements in many respects similar to that at which your proposal aims) has weakened the position of the United Kingdom in recent years and reduced its capacity to earn dollars to remind oneself that transferability of currency and free capital movements within a closed area provide no guarantees of desirable economic results. One would certainly not want to see this present scheme encourage the formation of separate economic blocs — even though the "soft currency" bloc is larger and more co-ordinated than it has been in the past.

Such a development would be defensible only if one despaired of the "soft currency" bloc ever earning enough dollars to pay (along with such capital outflows from the Western Hemisphere as take place after the ERP period) for a tolerable level of dollar imports without continuing discrimination. And I suppose that if one did despair, it might be either because one felt that the deficit countries were incapable of the internal adjustments required or because one felt that the United States would not pursue a tariff policy appropriate to her international position. I know that I am beating at an open door in suggesting to you that these are the really constructive approaches to the problem. But I say it anyway because these European currency schemes always give me the nervous feeling that they are preparations for failure of your long-term objectives rather than preparations for success.

The inflationary dangers in the proposed plan are, of course, largely a function of the amount of extra purchasing power put into the financing of intra-area trade. From this point of view, I would therefore like to see both the required credit margins and the amounts provided to cover "structural surpluses" kept down to a minimum, though I realize that bait is needed if trade is to be liberalized. For the rest, I think that some safeguard against the re-emergence of the problem of the high-price, low-price areas (which the recent devaluations has at least partly met) could be obtained by insisting on a pretty rapid demobilization of intra-area trade restrictions and a beginning at relaxation of the severe discriminations against dollar imports. The latter postulates dollar earnings which increase more rapidly than ERP assistance tapers off. With help from the American end by way of encouraging imports, through effective action on tariffs and customs administration, and with a willingness on the part of the deficit countries really to direct their policies, internal and external, at earning dollars, I should not have thought the thing impossible. At all events, if it really is impossible then the outlook for the eventual achievement of the objectives of the foreign economic policy of the U.S. (and Canada) is very bleak indeed.

I feel that I should apologize to you for the length of this letter. The most practical amend I can make is to tell you that, realizing how busy you are, I shall not expect a reply to it.

With warm regards, and with best wishes to you and your associates for the New Year, I am

Yours sincerely,

LOUIS RASMINSKY

918. DEA/10767-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-89 Washington, January 13, 1950

SECRET. IMPORTANT.

Following for Heeney from Wrong, Begins: In your letter of December 29th,[22] I was asked to take up informally with the Secretary of State the reasons why we are fearful of the possible consequences of United States pressure for European integration. I discussed your letter with Towers before meeting with Acheson and Franks last Friday. We agreed that, in view of the limited time we would have with Acheson and the important new problems which we hoped would be explored at our meeting, it would not be advisable to discuss in any detail our objections to the United States drive for European integration, or, specifically, our objections to the present proposals for a European clearing union. I did, however, mention that the Canadian authorities were concerned that the present ECA plans might lead to the creation of a closed trading block from which Canada as well as the United States would be increasingly excluded. There was, however, no detailed discussion of our objections to any of the integration plans.

2. Since the receipt of your letter and of the memorandum to the Tripartite Working Group in Ottawa dated January 6th,[23] we have had several conversations, at the working level, in the State Department, Treasury and the ECA. In addition, copies of Rasminsky's letter of January 3rd, to Bissell, are slowly working their way around ECA. This letter, I think, sets forth admirably from the economic point of view the important objections to and shortcomings of the clearing union proposals. There is not much doubt that the concern felt in Ottawa about the Bissell plan would be shared by most of the officials in the Treasury and by a few officials in ECA and the State Department. It is, however, difficult to know what we should do about these proposals and the vigour and manner in which we should make our objections known.

3. A good many officials here consider that the important turning point on this question came last summer when the United States, faced with the insistent British request to be released from the obligations of Article 9 of the Loan Agreement, accepted discrimination against its exports to the United Kingdom and to the OEEC countries and put its position on record in the form of a secret aide mémoire (see WA-2733, September 30th), commencing with the paragraph:

"The United States supports this initiative by the United Kingdom towards relaxing its trade restrictions to the extent permitted by balance-of-payments con-

[22] Voir *DREC*, volume 15, document 691./See *DCER*, Volume 15, Document 691.
[23] Voir *ibid.*, document 693./See *ibid.*, Document 693.

siderations, thus widening the area of increased trade competition and promoting greater efficiencies of production."

From the discussions which our officials and Ministers had during the September financial talks and from our earlier reports on the United States attitude toward relieving the United Kingdom of its obligations under Article 9, it is, I think, clear that the United States position was only arrived at after a great deal of deliberation. There is no doubt that there was and there will continue to be considerable misgivings in some quarters of the United States Government about this decision. Nevertheless, the United States decision was a conscious one, — one from which the United States cannot now easily retreat even if it wishes to do so.

4. In our judgment, the preponderance of United States Government opinion, with certain important minority views, is that the United States having accepted, temporarily, discrimination against itself on balance of payments grounds, should encourage the freest possible trade covering the widest possible area of the soft-currency countries until the conditions which would permit the restoration of non-discrimination exist again. There are, however, many difficult points for the United States to resolve. One of these, which is mentioned later, is the relationship of the International Monetary Fund to these proposals. The question of how wide this multilateral soft-currency trading area should be is one where there are fairly important differences of opinion. The ECA from top to bottom, with only very few exceptions, and the most influential sections of the State Department, including the important planning group, the European Affairs Office and the economic advisers to the European Office, are strong supporters of all reasonable measures leading towards European economic integration. They regard the European clearing union proposals as such a measure. The commercial policy officials and those who have been concerned with the I.T.O. and the G.A.T.T. are opposed to the doctrine of discrimination on a regional basis. Discrimination against the dollar area for balance of payments reasons is one thing. Regional discrimination, however, is something not allowed for by the G.A.T.T. and should not be allowed. The question of the relationship of G.A.T.T. and the clearing union proposals has not yet been worked out.

5. I understand that Vernon of the Commercial Policy Division has written to Willoughby about the possibility of an early meeting with Deutsch, in Ottawa, at which the State Department's "embryonic" plans for placing this whole question on the agenda for the fourth session of G.A.T.T. could be discussed.

6. Those who support the move towards integration, and specifically the European clearing union, do so for political as well as economic reasons. ECA would never have received the strong support they have from the planning group in the State Department and, we understand, from the Secretary himself if the State Department did not attach great importance to the European countries making progress towards some kind of economic union, however imperfect, with a view to eventual closer European political association. Those who have put the drive behind the integration proposals seem to have comparatively few doubts that they are right. They are persuaded that the best way to the eventual end of discrimina-

tion against the dollar area lies in the direction of eliminating the trade barriers between the individual soft currency countries.

7. It is apparent, from a conversation held with Glendinning[24] and Willis[25] yesterday, that the Treasury Department's views of the clearing union are divergent from the majority views encountered within the ECA and State Department.

8. It seems certain that a reconciliation of major differences must be accomplished through the National Advisory Council within the next two weeks if the United States representatives are to be able to meet European proposals with a composite United States policy.

9. In this respect one of the difficulties that the Treasury Department will probably have to accept is a procedural one inasmuch as Treasury Department clearance was apparently not obtained before the clearing union proposals were advanced to OEEC.

10. On the main issue the Treasury Department opinion encountered was not clearly developed but indicated only lukewarm acceptance of ECA's concept. Their chief concerns are:

(a) The relationship of the clearing union to the I.M.F.,

(b) The question of whether the clearing union proposal is in the interest of United States long-term multilateral policy, and

(c) The apprehension that the clearing union will rank as a little I.M.F. which will need United States support in the post-ECA era.

11. It is apparently recognized that the approaching ECA appropriation discussions in Congress, and the fact that European Governments could reasonably expect the ECA proposals have, in fact, been United States Government proposals, mitigate against taking a stand within the N.A.C. that, if successful, would result in considerable embarrassment to the United States and possible damage to future ECA programmes. Nevertheless, the impression gained was that misgivings about the substance of the proposal might be strong enough to cause such a stand to be taken, although a firm decision had not been reached about this point.

12. Both Glendinning and Willis welcomed an intimation that there were misgivings on the Canadian side, and they said that their difficulties were also related to the question of whether or not the clearing union proposals were a step towards low-cost production and non-discrimination.

13. It was mentioned to them that some discussions with Canadian representatives might be arranged. In their opinion, the weekly tripartite meetings would not be suitable for discussing this issue, because they feel that other European countries would have a legitimate grievance if consideration by the Tripartite Group became known. It was added that the United States position on the clearing union proposals

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[24] C. Dillon Glendinning, directeur adjoint de l'Office of International Finance, département du Trésor des États-Unis.
C. Dillon Glendinning, Deputy Director of Office of International Finance, Department of Treasury, United States.

[25] G.M. Willis, département du Trésor des États-Unis.
G.M. Willis, Department of Treasury, United States.

was being decided at high policy levels, and that there would be little value in having any talks at the technical level at this time. In so far as Glendinning and Willis were concerned, the question of holding conversations was left in abeyance.

14. It was stated that Southard[26] would introduce a discussion within the I.M.F. in the near future about the relationship of the I.M.F. to the clearing union proposals.

15. Some of the views which have been expressed to us, particularly as they relate to sharp differences in Departmental positions, should be treated with complete reserve in discussion which we may have with other Departments in Washington or which you may have with Willoughby or others in Ottawa. It is important that we should not get in a position of showing State Department or ECA officials how much we know of the misgivings which Treasury officials have concerning the clearing union proposals.

16. It has been useful to have our criticism of the clearing union plan informally brought to the attention of United States officials. However, I think we must decide whether or not we wish to have our objections put forward definitely and 'on the record'. It would be desirable, if we intend to do this, to have, if possible, some alternative proposals to suggest. Although the clearing union working group in Paris has not yet agreed on any specific text, no one seems to doubt that the OEEC will in the near future agree on a plan which will be broadly similar to the Bissell proposals. The Belgians wish to inject much more gold into the operation of the plan; the British take the opposite view — they want a minimum of gold involved. These points, however, are comparatively questions of detail. The plan with all its shortcomings and questions which give us concern does seem to have enough support in Europe and in the most powerful agencies of the United States Government to ensure its coming into operation in a few months' time. Therefore, without wishing to dissent from any of the criticisms expressed in your letter, I recommend that further consideration be given to the manner and to the force with which we should make our views known to the United States and, presumably, to the United Kingdom as well.

[26] Frank A. Southard jr, directeur exécutif du FMI pour les États-Unis.
Frank A. Southard Jr., United States Executive Director of the I.M.F.

919. DEA/10767-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-86 Ottawa, January 16, 1950

SECRET. IMMEDIATE.

EUROPEAN INTEGRATION

Following for Matthews from Plumptre, Begins: The Tripartite Working Group here discussed this morning your WA-89 of January 13th. Rasminsky was present. He leaves for Washington tonight. I told him that you were arranging for him to have discussions with Labouisse and others.

2. Rasminsky said he had some misgivings about the proposed discussions because WA-89 seemed to imply that further discussion in Washington was undesirable unless and until we could suggest some alternative to the plans being put forward by ECA. I replied that I felt quite sure that you would not be arranging for these discussions in Washington unless the Ambassador would approve of them. In these discussions Rasminsky will emphasize that he is putting forward his own personal views which are shared by a number of his friends here but that there has been no consideration of these views as yet in Cabinet.

3. In paragraph 16 of WA-89 it is suggested that "we must decide whether or not we wish to have our objections put forward definitely and "on the record"". There is no (repeat no) intention here to make any formal representations to United States authorities. The type of discussion that has taken place and that Mr. Rasminsky will undertake is all that we had in mind. Mr. Heeney's letter to Mr. Wrong of December 29th did suggest that the matter might be raised with Mr. Acheson, but only because it seemed opportune and not (repeat not) because it was essential to raise this matter formally or at a high level.

4. There has never been any suggestion here that Canada could completely change or reverse the direction of United States policy in this matter. It may, however, be possible to exercise a certain amount of pressure from time to time and at different levels. The outcome of your talks in Washington so far seems to be satisfactory. However, there was agreement in our group that before pressing much harder and at higher levels it would be necessary to get guidance from the Government. It is probable that this guidance will be sought when our Minister returns from Colombo about February 10th. Meanwhile discussions will go on at the official level. In addition we are expecting to get opinions from our missions in Europe.

5. In paragraph 5 of WA-89 the suggestion is made that Mr. Vernon of State Department might come up here to carry forward the discussions we have already had with Willoughby on the proposal to put European Integration on the agenda of G.A.T.T. While there can be no objection to Vernon coming here we shall probably

not be in a position to say anything very definite until Cabinet discussion has taken place. Unfortunately our Minister will not get back until our delegation has left for the G.A.T.T. meeting. Ends.

920. PCO/Vol. 156

L'administrateur adjoint du Programme d'Administration de coopération économique des États-Unis au président suppléant de la Commission de contrôle du change étranger

Assistant Administrator of Program, Economic Cooperation Administration of United States, to Alternate Chairman, Foreign Exchange Control Board

Washington, January 21, 1950

Dear Rasminsky:

It is very gratifying to me that our paper on Intra-European Currency Transferability and Liberalization of Trade† had the effect of bringing forth your most interesting comments.

You have clearly recognized our definite intention to introduce a "sniff of the market" — destined to grow into full-blown competition — by means of the ECU.[27] Admittedly, the ECU is not devised for an ideal world (which would not need it), but for the world of bilateralism in which Europe finds itself today and, in the absence of some such effort toward integration, probably tomorrow too.

We are quite aware of the problem of translating national incentives into individual incentives. In fact, this whole matter is under active consideration both here in Washington and in Paris. We do hope and trust that ways and means can be found to have national policies short of export controls exert the desired influences on private initiative.

The main problem raised in your letter is whether what we understand by "European integration" is an end in itself and, if not, whether and to what extent it would tend to either foster or obstruct global balance of payments equilibrium. While I entirely agree with you that European integration as such is not our ultimate objective, I firmly believe that it would have great merits of its own. For one, Intra-European trade has been lagging behind Europe's trade with the rest of the world and only quite recently has it reached pre-war levels. Furthermore, it has certain political implications which I need not describe in detail. The competition promoted by a relatively free trade area in Western Europe would contribute greatly to the reduction of existing inflationary pressures. Lower prices would not only tend to raise the volume of Intra-European trade, but that of exports to the Western Hemisphere. In the longer run, the growth of productivity associated with a sizeable free trade area is bound to raise the export potential and real income of Europe.

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[27] European Clearing Unit

The issue of whether ECU will represent a step toward or away from dollar balance is clearly recognized by ECA. In view of the above-mentioned benefits that would flow from it, I do not admit that integration would necessarily or even probably lead to a worsening of the prospects for dollar viability. Whatever possible risks ECU may entail, they will depend a great deal on the terms of settlement of Intra-European balances and on the incentives these terms of settlement will provide in pushing dollar exports. Also, because the U.S. market is admittedly harder to crack, we believe that more progress can be made now within Europe than in pushing for an immediate solution of the dollar aspect to Europe's problems.

While I did not want to take up your generous offer to consider a reply unnecessary, I am sure you will understand that time does not allow my answer to do full justice to your very stimulating letter.

With best regards and all my wishes for a happy 1950, I am

Sincerely yours,

RICHARD BISSELL, JR.

921. DEA/10767-40

L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Under-Secretary of State for External Affairs

CONFIDENTIAL Washington, January 26, 1950

Dear Mr. Heeney:

You will have noted from our messages WA-175 of January 24th† and WA-187 of January 25th† that the National Advisory Council, in considering the E.C.A. plan for a European Clearing Union, has laid down certain principles which qualify the original E.C.A. proposal. Two of these principles go some way towards meeting the apprehensions felt in Ottawa about the effect of the scheme. One of them would protect the operations of the International Monetary Fund, and another, even more important from our point of view, seeks to keep alive the doctrine of non-discrimination and to limit the danger that the Clearing Union, including the whole of the sterling area, would tend to perpetuate the present discriminatory restrictions on transactions with dollar countries.

It remains to be seen, of course, what effect these reservations will have on the outcome of the discussions which are just beginning in Paris. My point in writing to you is to say that we have picked up a good deal of evidence in various quarters that the criticisms which were made in Ottawa, of the original E.C.A. scheme have had some influence in bringing about the decision of the National Advisory Council. In particular, Mr. Rasminsky, in an informal letter to Mr. Bissell, which put forward ably and briefly the main points of our concern, has played quite a part in the process of policy formation here. This is an interesting example of how at times we can influence major decisions in Washington through skilful and unofficial

comment introduced at the right time and in the right place. This particular case will help to maintain the high esteem in which the views of the financial advisers of the Canadian Government are held in Washington.

Yours sincerely,
H.H. WRONG

922. PCO

Extrait du procès-verbal de la réunion du Comité interministériel sur la politique du commerce extérieur

Extract from Minutes of Meeting of Interdepartmental Committee on External Trade Policy

SECRET [Ottawa], January 30, 1950

Present:
Mr. N.A. Robertson, Secretary to the Cabinet (Chairman)
Dr. W.C. Clark, Deputy Minister of Finance
Mr. Graham Towers, Governor of the Bank of Canada
Mr. M.W. Mackenzie, Deputy Minister of Trade and Commerce
Mr. David Sim, Deputy Minister of National Revenue
Mr. J.G. Taggart, Deputy Minister of Agriculture
Mr. H.B. McKinnon, Chairman of the Tariff Board
Mr. R.G. Robertson, Privy Council Office (Secretary)
Mr. E.P. Weeks, Privy Council (Assistance Secretary)

Also Present:
Mr. J.J. Deutsch, Department of Finance
Mr. A.F.W. Plumptre, Department of External Affairs
Mr. J.E. Coyne, Deputy Governor, Bank of Canada
Mr. Ian MacArthur, Acting Chairman, Fisheries Prices Support Board
Mr. A.M. Shaw, Department of Agriculture
Mr. S.V. Ozere, Department of Fisheries
Mr. C.M. Isbister, Department of Trade and Commerce
Mr. H.R. Kemp, Department of Trade and Commerce
Mr. L.E. Couillard, Department of External Affairs

. . .

IV. EUROPEAN ECONOMIC INTEGRATION

10. *Mr. Plumptre* reported that, following receipt of information as to certain proposals that had been put forward in the United States concerning European economic integration and particularly concerning a currency clearing union, some discussion among Canadian officials had taken place and some indication of views held at the Canadian official level had been made to various U.S. officials. It seemed desirable to have some consideration of the question by the Committee particularly in relation to the position that should be taken by the Canadian representatives to the GATT meeting, if the matter should come up.

The currency clearing union proposal, which had been drafted in ECA, was the one that had been given most serious consideration. The proposal was devised on the thesis that the formation of a wider market in Europe with fewer barriers either

of exchange control or of quantitative restriction between the European countries should lead to an increase in competition and so to greater efficiency and to lower costs and prices. Canadian officials who had discussed the matter were, however, afraid that the arrangement would be likely to lead to the development of a wider soft currency bloc with high-cost production aimed at a high measure of self-sufficiency. The official view in the United States was that the union, with its extension of discriminatory elimination of trade restrictions in Europe, would lead ultimately toward multilateralism since greater competition would reduce costs and put European goods in a generally competitive position. There were, however, some misgivings in Washington, particularly in the Treasury, similar to those which were generally felt in Ottawa.

It appeared that Canadian discussion with U.S. officials had made some impression and had led to a certain shift in emphasis. The most recent indication had been the instructions under which Mr. Hoffman had gone to Europe to carry forward further discussions. However, it was clear that Mr. Hoffman did not share the worries that others felt, and that he was anxious to get some sort of Western European soft currency bloc established both for economic and political reasons.

In the agenda for the GATT meeting there was an item on discriminatory quantitative restrictions, and it seemed likely that the general European question might come up. It might be desirable for the Canadian delegation to be free to raise the points of doubt and concern which were felt in Ottawa. There had also been enquiry from the High Commissioner in London concerning the Canadian attitude toward the wider extension of elimination of trade restrictions on a discriminatory basis.

11. *Mr. Deutsch* pointed out that discriminatory liberalization of trade, treating European countries as a separate unit, would be contrary to the principles of GATT. The question was whether we should take definite action to oppose this sort of development or at least to insist on adequate safeguards. The repercussions of such action might be serious. Ministerial authority for whatever position was taken would be desirable.

In the Canadian loan agreement with the United Kingdom, the provision was that the United Kingdom should make no discriminatory relaxation of restrictions except in favour of war shattered countries. The matter had been under consideration at Washington in September, and the relaxations therein contemplated by the United Kingdom had gone forward. It was for consideration whether we should allow our entire position under the loan agreement to go by default. An immediate question concerned the position of dependent overseas territories and whether we should be willing to allow them to make concessions in favour of the United Kingdom alone, or the other Commonwealth countries or European and soft currency countries, without extending such concessions in our favour.

Mr. Deutsch mentioned that he had been invited to go to Washington for discussions by the U.S. delegation in connection with the GATT meeting. It might be for consideration whether it would be desirable to accept.

12. *The Deputy Minister of Finance* said that, so far as official action by the Canadian delegation at the GATT meeting was concerned, he felt that it would be

essential to acquaint the Cabinet thoroughly with the position and secure its direction. Even if no action was to be taken along the lines suggested, it was important that the Ministers should be acquainted with the situation. There seemed to be everything to be said in favour of having the Canadian delegation stress the importance of safeguards against the establishment of a new high-cost area.

13. *The Chairman* thought that it would be desirable for Mr. Deutsch to accept the invitation to attend the discussions in Washington. So far as the further extension of discriminatory relaxation of trade restrictions was concerned, it seemed clear that if the United States took a position in opposition we should do so. If, however, the United States came out in favour, there was more doubt as to what our position should be.

14. *The Committee*, after further discussion, agreed:

(a) That a report be prepared for submission to the Cabinet and for the information of the Minister of Trade and Commerce concerning proposals and possible developments in relation to European economic integration and a European currency clearing union; and

(b) That the question of the position to be taken by the Canadian delegation to the GATT meeting be given further consideration following the return of Mr. Deutsch from discussions in Washington.

. . .

923. PCO

Note du Comité interministériel sur la politique du commerce extérieur

Memorandum by Interdepartmental Committee on External Trade Policy

ICETP DOC NO.63 [Ottawa], February 10, 1950

SECRET

EUROPEAN INTEGRATION

The Integration Policy

1. Over the past ten or twelve months the E.C.A. has put on a drive for European Integration. Mr. Paul Hoffman has made a number of speeches; the countries receiving Marshall Plan aid have to some extent reduced trade barriers between themselves; further reductions have been proposed; and a permanent European Currency Clearing Union to replace the present payments scheme has been under discussion. Very recently Mr. Hoffman's plans have received a set-back in Paris and, during the present election campaign in the United Kingdom, they will not be pressed.

2. The term "European Integration" is a vague one but, in the minds of its E.C.A. sponsors and the European participants, it has included the following measures:

(a) Removal of import quotas and similar restrictions as between European countries so that these countries discriminate in favour of each other and against the rest of the world;

(b) Provision of short-term credits to finance trade between European countries. These credits underly the so-called Intra-European Payments Scheme, sponsored last year by E.C.A. and now in effect. A country which is called upon by its neighbours for large credits becomes entitled to additional E.C.A. aid.

So far, European Integration has not included any tariff preferences. However, as between countries where trade is controlled by quotas, licenses, etc., tariffs are not very important.

3. The chief purposes of Mr. Hoffman and the E.C.A. in sponsoring European Integration are as follows:

(a) To give Western European countries, including Western Germany, the moral will and the economic strength to stand together in case of attack from the East;

(b) To strengthen their productive and competitive positions so that they will be able to become independent of Marshall Aid by the time it ends (1952);

(c) To give Mr. Hoffman some achievement in the year 1949-50, to which he can point when seeking from Congress further Marshall Plan funds for 1950-51.

Conflict With Other United States Policies

4. European Integration, with its system of trade discrimination and special credit facilities, conflicts with the general trend of American commercial and financial policy. This has been strongly opposed to "preferences" of any sort; through the GATT and ITO and the Monetary Fund the United States has supported "non-discrimination" and "multilateralism". Therefore European Integration, while strongly pressed by E.C.A., has been regarded with mixed feelings by the U.S. State Department and Treasury. While there are some who claim that the lowering of trade barriers within Europe (while maintaining discrimination against the rest of the world) will lead to greater efficiency and increased trade, others fear that Europe will develop into a protected, inefficient, high cost area. Its political and economic power would be sapped; its ability to sell abroad, and therefore to buy abroad, would be cut down. The more resources European countries use in trade with each other the less they will have available for external trade. Trade with North America might balance; but at a low instead of a high level.

5. In the summer of 1949 the E.C.A. policy of European Integration raised a special problem with the United Kingdom. In 1945 the U.K. had borrowed $3.75 billions from U.S.A., and under the Loan Agreement the U.K. had given some broad undertakings not to discriminate against goods from the U.S.A. European Integration would almost certainly involve the U.K. in illegal discrimination. Further, the U.K. felt that they could not give the Marshall Plan countries better treatment than Commonwealth countries (other than Canada); so U.K. planned to give the same trade benefits to the Commonwealth (other than Canada). Finally the U.K. decided that they should give the same benefits to all except "hard currency" countries. This involved discrimination against U.S.A. which went clearly beyond what was permitted by the U.S.-U.K. Loan Agreement. However, the U.S. Administra-

tion decided to accept it and, following the Tripartite Talks in Washington last September, gave indirect approval to what the U.K. was doing.

6. The reduction of trade barriers, originally planned amongst European countries alone, has thus spread out to other soft-currency countries. Sweden has already given to the Sterling Area the same benefits as she is giving to the other European countries. The official policy of the U.S., while changing from time to time, has recently favoured the spreading of such benefits as widely as possible; i.e. the Area included within the discriminatory system should not be confined to Europe but should be spread as wide as the payments position of the individual countries would allow. This approaches the policy of the G.A.T.T., where trade discrimination, while generally frowned upon, is permitted if it is needed to overcome difficulties in a country's balance of payments. However, Mr. Hoffman and his advisers still appear to prefer the narrower concept of "European Integration" for the reasons outlined in paragraph 3 above. U.S. policy cannot be regarded as settled.

Canadian Attitude

7. Canadian officials have, from the beginning, been sceptical about the practicability and desirability of the more ambitious schemes for "integrating" Europe. A glance at a map may suggest that Europe is a homogeneous group of countries, and there is no doubt that these countries have much in common. This means that they have a strong interest in working together, particularly against dictatorships. But economic integration goes far beyond mere working together. The history of Europe, and its geography and topography, do not seem to lead towards integration. Many of these countries have far greater interests outside Europe than with each other; the United Kingdom is an obvious example. In the last analysis, the real justification for the drive for integration is defence against the East; and if economic integration weakens rather than strengthens Europe it is worse than useless for this purpose. In short, there seems to be no good reason why Europe should be built up, even temporarily, into a discriminatory trading bloc — no reason why there should be any exception, in the case of Europe, to the general policy of multilateral, non-discriminatory trade and payments, which has generally been pursued since the war by the Government of Canada as well as the Government of the United States.

8. The risks of European Integration for Canada are greater than for the United States — at least from the purely economic point of view. If integration did lead to a trade balance at a very low level between North America and Europe, the economy of the United States would not be severely damaged; few sections of the United States depend upon overseas exports for their prosperity. Moreover, if trade can be balanced, whether at a low or high level, there is no more need for Congress to vote money to aid European reconstruction. But in many sections of Canada overseas exports remain vital. If integration follows its present path it leads towards European self sufficiency for such products as wheat, timber and fish. An outcome of European integration which would be quite tolerable in the U.S.A. would have most painful results here.

9. Some Canadian officials have already indicated some of these misgivings to U.S. officials. It is believed that these informal approaches have had some influ-

ence on the trend of U.S. thinking — strengthening the position of those in Washington who have been opposing the more extreme and exclusive forms of "integration".

10. The most difficult questions arise for Canada in connection with proposals to extend the area of discrimination beyond the Marshall Plan countries. For Canada, as for the U.S.A., this problem arose first in connection with the post-war loan agreement. Our Agreement, like the American one, allows the U.K. to discriminate to some extent in favour of "war torn countries"; and there could be little objection if the U.K. extended this to all Marshall Plan countries including some, like Sweden, that were not "war torn". But the further proposals of the U.K. involved more serious considerations for Canada. These proposals were:

(i) that the Commonwealth (other than Canada) and other soft currency countries should get the benefit of reduction in U.K. import barriers, and

(ii) that the Colonies should reduce their import barriers in the same discriminatory way as the U.K. itself. This would result, for example, in increased discrimination against Canadian goods entering the West Indies.

Hence, when the Minister of Finance replied to these proposals by the U.K. authorities, after the Tripartite Talks, he merely "noted" what the U.K. were planning to do with indirect U.S. approval; he gave no formal approval on behalf of Canada.

11. The more recent proposals for widening the area of discrimination (paragraph 6 above) will, if they are pressed, raise further problems. At first sign it would appear to be to Canada's advantage that other countries should follow as closely as possible the general policies laid down in the G.A.T.T. This would mean the extension of trade-liberalization as widely as balances-of-payments of individual countries would allow. On the other hand, Europe is not likely to cure its diseases of dollar shortage and incipient inflation by embracing too closely the Sterling Area or other soft currency countries which are afflicted by even worse attacks of the same diseases. The extension of "European Integration" to include the Sterling Area seems to involve unnecessary risks and an undesirable and unwarranted extension of discrimination at this time.

12. This suggests that a rule-of-thumb application of the rule of non-discrimination is not a satisfactory guide under the present disturbed conditions of world trade; individual proposals must be judged on their merits in the light of Canada's immediate interests. This, however, does not involve any question of the ultimate advantages to Canada of the multilateral goals which the Government has been pursuing during and since the war. These goals are formally set out in the G.A.T.T., the Havana Charter, the International Monetary Fund and other international agreements. They are of fundamental importance to a country as dependent on trade as Canada. Decisions on the merits of individual proposals must never be taken without reference to these goals.

Conclusions

13. It appears desirable that Canadian officials should, under present circumstances and as opportunities arise,

(a) Oppose the more extreme and exclusive forms of "European Integration";

(b) Oppose the extension of the European discriminatory bloc to include Sterling Area and other soft currency countries.

924. DEA/10767-40

Le chef de la Direction économique
au deuxième secrétaire de l'ambassade aux États-Unis

Head, Economic Division,
to Second Secretary, Embassy in United States

SECRET Ottawa, February 11, 1950

Dear Dick [Murray]:

EUROPEAN INTEGRATION

When Deutsch and Isbister came back from their visit to Washington earlier this week they brought interesting news about European Integration. I gather that Mr. Hoffman was considerably rebuffed during his recent visit to Paris. The United Kingdom apparently took the lead in refusing to take any further steps towards trade liberalization and none of the European countries seem to have much affection for the proposed European Currency Clearing Union.

2. I gather that this may prove to be a turning point. From now on the United States may relax its pressure for integration.

3. I know that you have never felt that Mr. Hoffman's need for rabbits to pull out of the hat before Congressional Committees was a fundamental reason for his desire to achieve something tangible in the way of European Integration. On the other hand I think you will agree that he had hoped to be able to play it up during this session of Congress. Do you think that there is much likelihood that he will make another effort to bring the European countries along with him?

4. I gather from Deutsch and Isbister that the present mood of E.C.A. is pretty defeatist. Apparently E.C.A. may not even ask Congress for the $3.1 billions provided in the President's budget speech for E.C.A. in 1950-51. If Mr. Hoffman lowers his sites he may well decide to give up his attempt to integrate Europe.

5. In any case, I gather from Deutsch and Isbister that there will certainly be no United States pressure on the United Kingdom until after the United Kingdom elections — no pressure of any sort and this, of course, includes pressure towards European Integration.

6. The changed position in Paris and Washington has taken us rather by surprise. We had, of course, anticipated a continuance of United States pressure towards integration and had been trying to decide what attitudes Canadian officials should take, not only towards European Integration itself, but towards proposals for extending the European soft currency bloc to include other countries, or groups of countries such as the Sterling Area. In view of the GATT meeting beginning on February 23rd we thought that we ought to make up our minds fairly soon. Hence a paper has been prepared, dated February 10th, for consideration by the Interdepart-

mental Committee on External Trade Policy and will be considered next week. I enclose a copy of it. It has been modified to take into account the new developments in Washington and Paris. However, it probably would not have seen the light of day if those developments had taken place some time earlier. In short the urgency of the whole matter has disappeared — and, of course, nobody here thinks of considering anything unless it is urgent!

Yours sincerely,
A.F.W. PLUMPTRE

925. PCO

Extrait du procès-verbal de la réunion du Comité interministériel sur la politique du commerce extérieur

Extract of Minutes of Meeting of Interdepartmental Committee on External Trade Policy

SECRET [Ottawa], February 15, 1950

Present:
Mr. N.A. Robertson, Secretary to the Cabinet (Chairman)
Dr. W.C. Clark, Deputy Minister of Finance
Mr. M.W. Mackenzie, Deputy Minister of Trade and Commerce
Dr. G.S.H. Barton, Special Assistant to the Minister of Agriculture
Mr. D. Sim, Deputy Minister of National Revenue
Mr. J.E. Coyne, Deputy Governor of the Bank of Canada
Mr. H.B. McKinnon, Chairman of the Tariff Board
Mr. R.G. Robertson, Privy Council Office (Secretary)

Also Present:
Mr. J.J. Deutsch, Department of Finance
Mr. T.N. Beaupré, Department of Trade and Commerce
Mr. C.M. Isbister, Department of Trade and Commerce
Mr. D.V. LePan, Department of External Affairs

GATT; MATTERS FOR DISCUSSION AT THE FORTHCOMING MEETING

1. *Mr. Deutsch* said that he and Mr. Isbister had recently had discussions in Washington with the U.S. representatives to the GATT meeting. One of the more important questions that had been discussed had been the handling of the problem of discriminatory import controls, on which a report had to be made by March 31.

The U.K. reply to the general questionnaire on the subject had been drafted to set forth both the details of the U.K. controls and also the justification and argument in relation to them. The reply had been presented to the U.S. authorities in advance and they had indicated that if it went forward as drafted they would be forced to challenge it. In view of the undesirability of having an open argument on the underlying policy at this stage, the United Kingdom had revised their report and it would now be purely factual. The United States would not, itself, raise policy questions in relation to it and would probably not follow up any action that might be initiated by other parties.

In part, the U.S. reluctance to go into this matter at the present time arose out of uncertainty as to what to do following the recent OEEC discussions in Paris. Mr. Hoffman had hoped to get agreement in relation to a clearing union, relaxation of quantitative restrictions on trade, dual pricing and the appointment of a "superman" to head the work of OEEC. Only in connection with the last had there been any success. In Washington there was now a large area of disagreement as to what U.S. policy should be in relation to discriminatory relaxation of trade restrictions and in the circumstances they wished to avoid having to take a definite position on the general question at the Geneva discussions.

A further question in which the United States would be most interested at the GATT meeting was the use of quantitative restrictions, whether discriminatory or not, for protectionist purposes. U.S. officials were of the view that a large proportion of present restrictions by European countries — they estimated about two-thirds — were imposed for protectionist reasons and went beyond what balance of payments considerations would justify.

2. *Mr. Isbister* said that he thought that the U.S. approach in connection with use of restrictions for protectionist purposes might be to raise points of detail in connection with the observance of the rules of GATT rather than to go at the matter from a broader and more general base. So far as the question of discriminatory relaxation of trade restrictions was concerned, there were two schools of thought among the U.S. officials: that which held that it would be desirable to press forward with relaxations, even though on a discriminatory basis, if a unified approach could be secured by the European countries and if liberalization within that area at least seemed a hopeful possibility; and, secondly, that which held that relaxation within a given area was not a step toward general liberalization but rather created a special bloc fenced off from the rest of the world which would be likely to develop a tendency toward isolation of a permanent character. One group in the State Department and ECA in general tended to favour the first view. The Treasury and a different group in the State Department were opposed to that attitude and adopted the second approach.

3. *The Committee*, after discussion, noted the report concerning talks in Washington on certain matters likely to arise at the Geneva meeting of GATT.

II. EUROPEAN ECONOMIC INTEGRATION; DISCUSSIONS IN WASHINGTON

(A general report on European integration dated February 10, 1950 was circulated — ICETP Document No. 63).

4. *Mr. Deutsch* reported that discussions in Washington indicated that U.K. objections to the proposals that had been made for a new European payments arrangement in Paris were pretty fundamental. The United Kingdom were of the view that the scheme as presented, embodying a clearing centre for the settlement of balances between participating countries, would mean the supersession of the use of sterling for clearing purposes in the area in which sterling at present operated. The assets of the clearing union would become preferable to sterling and participants would tend to convert their sterling balances into such assets. This would mean strain on the sterling area. In general, the tendency would be for the U.K. quota in the clearing union to be exhausted through such conversions and U.K.

deficits would have to be settled in gold. The United Kingdom would tend continually to be pressed against the gold points.

To meet this opposition by the United Kingdom, the U.S. representatives had indicated a willingness to put in additional resources to guard against such a development — although without coverage for sterling balances built up during the war. The United Kingdom was not satisfied, however, partly because the underwriting would be only for a limited period but also because they were worried about the displacement of sterling as a currency of account. Prestige considerations were mingled in the question. The dominant theme of U.K. comment on these matters had reflected a constant fear of the loss of gold or dollars.

While the present payments arrangements would continue until the end of June, there was general hope that some new scheme might be arrived at. The United Kingdom thought that the aim should not be a clearing union but rather the establishment of a mechanism for the financing of marginal payments. The basic structure should be a series of bilateral monetary agreements. One type of agreement was that which the United Kingdom had with Sweden under which both countries undertook to hold the currency of the other without limit on the understanding that restrictions on the flow of goods would be adjusted to prevent balances getting too large. There was no provision for gold payments in the agreement. A second type was exemplified by the agreement with Switzerland, under which each party undertook to hold the currency of the other up to a certain point but with provision for payments in gold beyond that. In a sense the arrangement with Canada was a bilateral agreement at the other end of the scale, since we did not accept sterling. It appeared that the United Kingdom were now attempting to arrive at as many agreements as possible on the Swedish model. The opposite approach to the payments arrangement was that of the United States, Belgium and France. They wished to do away with such bilateral agreements and set up a system under which settlements would be made multilaterally.

5. *The Deputy Governor of the Bank of Canada* suggested that basically the U.K. situation was that it could stand a liberalization of trade restrictions on a multilateral basis — something of the sort that had been going forward — if it was balanced on the other side by bilateral monetary arrangements. Alternatively it could contemplate multilateral monetary arrangements if it could rely on bilateral trade adjustments. The difficulty arose when the United Kingdom had to face the uncertainties and problems of multilateral arrangements both in the trade and monetary fields.

An important element in the U.K. position was the desire to maintain the existence of the sterling area. However, in general the United Kingdom took the position that any modification of the present arrangements among the sterling area countries would amount to a termination of the area itself. It seemed doubtful whether this view really exhausted the possibilities. It might, for example, be feasible to have exchange controls exercised by members of the sterling area with regard to one another along with quotas in the dollar pool without destroying the fundamentals of the sterling area. With such elements of control, the danger to the

U.K. position might be reduced. It was possible that some adjustments of this sort might be worth looking into.

6. *Mr. Isbister* said that discussion in Washington had disclosed some concern as to the stability of the sterling area. It was felt that there was serious danger to the U.K. position in the absence of any sanctions on drawings from the central reserves. There was some feeling that while the U.K. reserves had been increasing recently a period was approaching when there would be a further drain upon them.

7. *The Committee* noted the reports on discussions concerning European payments arrangements.

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926. DEA/10767-40

Le deuxième secrétaire de l'ambassade aux États-Unis au chef de la Direction économique

Second Secretary, Embassy in United States, to Head, Economic Division

CONFIDENTIAL Washington, February 18, 1950

Dear Wynne [Plumptre]:

I was glad to receive the memorandum on European Integration (dated February 10th), and also to receive your report on the views brought back by Deutsch and Isbister.

I was surprised by the rather gloomy views which they brought back from Washington. Things do not change from black to white and back to black again quite so markedly as I think would be suggested by the reports of Deutsch and Isbister. After all, this Government is supposed to be the greatest example of the checks and balance system ever conceived. What has happened in the integration drive is that the checking and balancing forces have now swung into operation and they will no doubt have a considerable effect on the kind of new payments scheme which will emerge in a few months' time.

The main point I would like to make is that I am confident that ECA will not relax its pressure for "integration". Senior ECA officials continue to be convinced that they are right to keep on working as hard as possible at "integration", by which they mean a multilateral payments plan and the greatest possible elimination of trade restrictions.

Some State Department and Treasury "universalists" (as they are called by ECA officials) and others may place certain restraints on ECA integration schemes. Certainly the restraints which have so far been imposed by the National Advisory Council are not stopping Mr. Hoffman in his campaign, although knowledge of the disagreement in Washington doubtless makes it possible for the opposition outside the United States to make itself felt more effectively. There are certainly difficulties in Europe: It is now evident that the U.K. will place serious obstacles in the way of the creation of the all-embracing payments plan envisaged by the ECA; most of the

OEEC countries may hold back to such an extent in their relaxation of trade restrictions that the European trade picture, in a few months time, will be very different indeed from the clear, neat one which was sketched by Bissell, your friend Lincoln Gordon, and Tasca in Paris last December.

In our conversation with Bissell last week (letter of February 9th to Mr. Heeney†) the strongest impression I had was that of ECA's deep disappointment with the degree of willingness of the United Kingdom to take risks to work out what ECA would regard as an adequate European payments plan. I have not heard anything about other European countries demurring in any very serious way from going into a full-blown payments scheme. The one exception to this which Bissell mentioned was Norway. The magnitude of the Norwegian problem, however, is such that there should not be too much difficulty in getting it straightened away.

Lincoln Gordon, who has been closely involved in these questions in Paris for some time, discussed ECA's position and prospects as far as the payments plan is concerned, with us at George Ignatieff's house on Tuesday night. Gordon is a firm believer in the approach which ECA is taking to Europe's trade problems. The ECA arguments are all based on the premise that convertibility is still many years away and that the best thing that can be done in the meantime is to expand the area of free trade and competition within Europe. I imagine that by now you are all too familiar with these arguments. The most interesting thing which Gordon had to say, I thought, was his positive assertion that ECA would get 65 per cent or 75 per cent of what they are aiming for in the way of a new payments scheme before June 30. Gordon's impression was that the pessimism and disappointment about the results in Paris had been exaggerated in the press and elsewhere because everyone had had such high hopes as to what would be accomplished. It was common to hear in ECA in the weeks preceding the ministerial meetings in Paris, remarks to the effect, "Thank God the British are for these Clearing Union proposals". The thought behind this sort of statement was that, since the U.K. Government would not be in favour of the proposals unless they had fully thought through all their implications, it did mean that the working out of the details of the proposals would be a comparatively easy task.

The picture is now, I think, something like this: ECA are as convinced as ever of the rightness of their proposals. They have, however, run into serious obstacles both in Europe and in the United States (not to mention the reservations of Canadian officials, which have their effect in Washington). The Washington obstacles were probably expected and indeed in some measure invited by the ECA's tactics in not clearing their proposals with the National Advisory Council. Hoffman and Bissell are, however, "great salesmen", and probably do not have many doubts about their ability to carry the day in Washington for any reasonable scheme, if they can get the Europeans to agree on a plan. The obstacles which have been created by the U.K. are, however, quite different. They hurt more because they were unexpected. What we will see for the next little while, I think, is a continuation by Hoffman of strong pressure toward getting a real multilateral payments plan with its necessary accompaniments — the reduction of trade restrictions and the elimination of dual pricing.

Only yesterday, Hoffman, speaking in New York, said that, "we must act with vision and even impatience to seize this historically opportune moment to help accelerate European integration. In this connection, may I say that in a few days we expect to lay before Congress specific plans for putting considerably more power behind this part of our program. We want Europe to accomplish in 25 months what might under less compelling circumstances easily require 25 years." In any event the curtain will go up on February 21st, when Hoffman is scheduled to start the hearings before Congress.

I am enclosing extracts from Hoffman's speech of February 16th,† which will show, I think, that he does not intend to relax his drive for integration.

Yours sincerely,

J.R. MURRAY

SECTION C

ORGANISATION EUROPÉENNE DE COOPÉRATION ÉCONOMIQUE
ORGANIZATION FOR EUROPEAN ECONOMIC COOPERATION

927.

DEA/11054-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 912

London, May 15, 1950

SECRET. IMMEDIATE.

1. Robertson met with Makins, Jessup and Alphand this morning to learn the status of the Three-Power discussions of "development of long-term economic relations between North America and Europe".[28] The question had been put on the tripartite agenda by the French, who were anxious to plan now for a continuing association in the economic and financial fields between the countries of Western Europe and North America which could carry on after the ECA programme had come to an end.

2. The French had in mind some form of external association between the OEEC countries on the one hand and the United States and Canada on the other, which would enable the North American countries to take part in the Working Committees and the Council of OEEC and use these existing agencies for the continuing study of relations between dollar and non-dollar economies. Alphand explained that they had initially explored the possibility of setting up an agency for this purpose

[28] Pour un résumé complet de ces entretiens, voir le document 499.
For a full report on these discussions, see also Document 499.

under the aegis of Article 2[29] of the North Atlantic Treaty, but to this they saw two objections, each, for the time being at least, very formidable. It would be unrealistic for the countries of Western Europe to address themselves to the problems of dollar - non-dollar relationships without the cooperation of Germany and the other "neutral" countries which were not parties to the North Atlantic Pact. At the same time France was not at present prepared to have Germany brought within the circle of the North Atlantic Treaty countries. In the second place, they were very much opposed to the establishment of any new functions of existing agencies. OEEC was already, though perhaps from a limiting point of view, concerned with many aspects of the economic and financial relationships between the countries of Western Europe and those of North America. It would, he thought, be wise so far as Europe was concerned to build on this firm foundation and use the existing OEEC organization as the European counterpart of their trans-Atlantic partners in studying the problems of commercial and economic policy which derive from the dollar gap.

3. As Makins explained it, the United Kingdom response to this French initiative up to now has been sympathetic but cautious. They did not exclude the possibility of Germany and the other neutrals being associated with economic and social arrangements that might be undertaken under the North Atlantic Pact at an earlier date than the French were now prepared to contemplate. They were not, however, pressing the French at this time to alter their attitude toward German participation, but were not very happy about fixing now what might turn out to be the basic pattern for cooperation in economic policies between the countries of Europe and the countries of North America, and they fear that if OEEC were to be the agent and representative of the European countries in these studies, which they wish to see made, it would crystallize the post-ECA position in a form which they are not yet ready to accept.

4. Jessup said that the United States administration had in preparation a really great effort over the next twelve to eighteen months to bring home to Congress and the American people all the implications of the creditor position of the United States in the context of the present world situation. They were determined to make a great and urgent effort to see that the United States for its part would do everything possible to narrow the dollar gap from its side. It would, however, be politically impossible for them to get the response they hope for from their own people if they should appear to be working alone towards this objective. They hoped they could count on full co-operation from Canada, and they also felt they needed some new evidence that the countries of Western Europe were equally mindful of the dangers which lay ahead if long-term economic relationships between North America and Europe were not put on a stable and mutually satisfactory footing. They were not as concerned as the English or the French about the kind of machin-

[29] En vertu de l'article 2 du Traité de l'Atlantique Nord, les parties doivent renforcer leurs institutions politiques libres et harmoniser leurs relations économiques internationales afin de favoriser la stabilité et le bien-être.
Article 2 of the North Atlantic Treaty commits the parties to strengthening their free political institutions and to harmonizing their international economic relations in order to promote stability and well-being.

ery that might be used for this new effort. Their preoccupation was with the substantive problems and their hope was that in some way our four countries could get together now to initiate a new and serious attack. Jessup was inclined to think that the present association of the United States with OEEC countries, both by its bilateral agreements with each of them and by its intimate and informal participation in the workings of OEEC itself, was probably adequate. If some way could be found for giving Canada a similar, though perhaps less formal, association with OEEC which would enable us to take part as principals in a new examination of what could be done to mitigate the difficulties which now beset trade and financial relationships between the dollar and non-dollar countries, this would be a real help.

5. The foregoing paragraphs summarize fairly accurately the attitude of the three principal countries as they have developed during fairly desultory discussions in London during the past ten days. All are anxious to reach some preliminary conclusions this week which might take the form either of a single four Power declaration, or perhaps, though this is less likely, of a statement by Mr. Acheson, with which Mr. Pearson could be associated, with a suitable statement in response from Bevin and Schuman, who would in either case commend to their colleagues in OEEC the suggestion that Canada be associated with the OEEC countries in a new study of what could be done to solve our international economic problems.

6. We are to have a further meeting with the same group tomorrow morning at eleven, for further examination of the implications of the various suggestions which have been put forward, and would be very glad to have your preliminary comments as soon as possible.

928. DEA/11054-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 678 Ottawa, May 15, 1950

SECRET. IMPORTANT.

Repeat Washington EX-809.
Following from Heeney for immediate delivery to Robertson, Begins: Your 912 of May 15. Long term economic relations between North America and Europe; Canadian association with OEEC.

1. Following are our immediate reactions within this Department:

(a) Proposed association of Canada with OEEC involves political decisions that can scarcely be made quickly.

(b) These decisions could only be made immediately if Canada's new relationships flowed clearly from the provisions of the North Atlantic Treaty and this is obviously not the case.

(c) While there might be some support on the official level for ultimate association with OEEC and while this possibility has been discussed favourably with other Departments, we feel sure that opposition would harden if an attempt were made to take immediate and precipitate action. We believe that our proposals relating to Article 2 involving exploration by experts of participation by Canada and other countries in expanded machinery before 1952 are all that will command quick and ready agreement here.

(d) If a submission is to be made to the Government on these matters, it would come best from the Minister after his return from London.

(e) The most outstanding objection to the proposal at the end of your paragraph 5 for a four-power declaration or similar statement is that the only country apparently affected by the change and the only country taking on new responsibilities would be Canada.

(f) Apparently Jessup says that present association of United States with OEEC is probably adequate. At first sight and from a long run point of view, we are inclined to doubt this. Ends.

929. DEA/11054-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 919 London, May 16, 1950

TOP SECRET. IMMEDIATE.

Following for Prime Minister from Pearson, Begins: You will be aware of a proposal which has been discussed here by officials from the United States, United Kingdom, France and Canada, for the informal association of the United States and Canada with the practical work of the organization for European economic cooperation on economic problems of common interest. This association with OEEC is intended to cover the period during which the proposed Committee of Deputies to the Council will be examining the question of the possible need for longer term economic arrangements under Article 2 of the North Atlantic Treaty. A decision one way or the other on this proposal will have to be taken by Wednesday night since it is envisaged that a joint public statement by the four Foreign Ministers concerned should be made at the end of the Council session on Thursday.

2. I am convinced that we should examine this proposal most seriously and we should not be content to dispose of it on the basis of what may be fairly narrow considerations.

3. It is true that even our informal association with the OEEC, along with the United States, might be interpreted as implying certain obligations on our part. I doubt, however, whether any such implied obligations are greater than those which would result from action at this stage under Article 2.

4. Acheson has spoken to me of the importance which he attaches to increased economic cooperation between Europe and North America as the background for the campaign which the United States Administration is preparing to launch within the next twelve months to modify those United States policies and practices which are aggravating the dollar difficulties of other countries, including Canada. It is my understanding that the other three countries (particularly France and the United States) regard the proposed statement as of such importance, for the purpose of reinforcing the campaign in the United States as well as for other reasons, that they will in all probability issue some such statement even though Canada cannot be associated with it. I think you will agree that it would be most unfortunate for the impression to develop in Canada that we had missed an opportunity to participate in an arrangement which appeared to offer some promise of improving our trading relations with the OEEC countries and, indirectly, of increasing the opportunities for trade with the United States.

5. There may also be some disappointment in Canada if, as now seems inevitable in view of considerations such as those mentioned in Robertson's telegram No. 912 of May 15th, no constructive action is taken at this stage under Article 2 of the Treaty. If the only decision which the Council is likely to take on this subject is that the question of implementing Article 2 should be studied by the proposed Committee of Deputies, it seems to me important for us to be able to show that pending the completion of the study (and in order to give some reality to the study) we are giving attention to the immediate problems involved in economic relations within the North Atlantic community through at least informal and limited association with OEEC. If nothing substantial can be accomplished under Article 2 at the present time we may be open to some criticism at home for refusing to take part in such a temporary arrangement, particularly if it is announced that the United States has indicated its willingness to participate.

6. As you are aware, the problem of Germany has been a subject of much concern to the other three Foreign Ministers during their meetings over the past week and is also very much in the minds of Foreign Ministers at the Council meeting. The only feasible way of bringing the German economy into closer relations with the North Atlantic community during the immediate future is through OEEC. From the political as well as the economic point of view it is probably important that Canada and the United States, as well as the other North Atlantic countries, should be associated with Western Germany in the OEEC at least until such time as France and certain other countries are prepared to have their economic relations with Germany brought under the North Atlantic Treaty.

7. I hope to have an opportunity to discuss this proposal with Mr. Howe on his arrival here. Any further views which may develop out of that discussion will be sent to you as soon as possible. I would emphasize again the need for an early decision on the question of our association with the statement which is likely to be made on Thursday. Ends.

930. DEA/11054-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 692 Ottawa, May 17, 1950

SECRET. IMMEDIATE.

Following for Mr. Pearson from the Prime Minister, Begins: The Cabinet have today considered the proposals set out in your telegram to me, No. 919 of May 16, together with the messages No. 912 and 917† sent on from Robertson to your Department.

2. We have come to the conclusion that you should associate Canada with the proposed draft statement and, provided our colleague Mr. Howe concurs, you are requested so to do. We assume that the text as released will not depart substantially from that quoted in telegram No. 917.[30]

3. The Under-Secretary will be sending you in a separate message a statement of some of the considerations which have emerged during the necessarily brief discussion which officials have been able to have on this subject in the last twenty-four hours. Ends.

931. DEA/11054-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM 693 Ottawa, May 17, 1950

SECRET. IMMEDIATE.

Repeat Washington EX-817.

ASSOCIATION OF CANADA AND THE U.S.A. WITH OEEC

Following for Mr. Pearson from Heeney, Begins: This is the message referred to in the Prime Minister's message sent earlier today.

2. After discussion with Ministers the Prime Minister asked me to call the following points to your attention in the draft statement quoted in your 917 of May 16:†

(a) The initials OEEC are not well known in Canada; the words should be spelled out at least on the first occasion where the title is used;

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[30]Voir Canada, Chambre des Communes, *Débats*, 1950, volume III, pp. 2704-2705.
See Canada, House of Commons *Debates*, 1950, Volume III, p. 2621.

(b) The reference in paragraph two to the "foreign Minister" of Canada is not correct;

(c) The reference in paragraph five to "four Ministers" is not clear at first sight.

3. The following officials met yesterday: Towers, Clark, Deutsch, Pierce, Beaupré, Plumptre and myself. There was complete agreement that we could not refuse the invitation. Most of those present also felt that it was desirable to accept, but there was some strong disagreement.

4. Those who questioned the desirability of accepting doubted whether there would in fact be any change in the position of the United States; U.S. representatives already attend Council meetings and Committee meetings of OEEC; was not the proposed public statement, including the new association of Canada, a mere publicity device? Constant public references to international cooperation were likely to mislead the public into thinking that action was being taken; actually, the action required to reduce the dollar gap had to be taken individually by countries on both sides of the Atlantic. There was already ample machinery for cooperation; association of Canada with OEEC would add to the already severe personnel problems which were already confronting Canada in trying to maintain membership in a large number of international organizations. Finally, association with OEEC might well open the way to pressure for financial assistance in the future.

5. On the other hand, the following points were advanced. The position of the United States was not really being left unchanged. Indeed the most important feature of the proposed announcement was the more permanent association of the United States with OEEC in the position of a collaborator instead of solely as a donor. Canada's association with OEEC at the same time would emphasize this change in the United States' position and solidify the situation. If Mr. Acheson and U.S. officials felt that such a move would be helpful in their attempt to scale down U.S. obstacles to imports, it should have our support. We had been troubled in the past by isolationist tendencies in OEEC and ECA; our new association would give us an opportunity to combat these tendencies. There would be commercial advantages to us in participating in discussions of the import programmes of the OEEC countries. Our new association would, of course, entail additional personnel in Paris, but the proposed extension and development of OEEC might well be considered as an alternative to quite separate and additional machinery that might otherwise have to be set up under Article 2 of the North Atlantic Treaty. There were great advantages to working through OEEC rather than Article 2 because Germany, Sweden, and other countries could be included.

6. In the official discussions, a question was raised regarding paragraph one of your 917. It was not clear whether the phrase "work being undertaken in Washington on problems associated with the dollar gap" referred to Tripartite work or to purely U.S. action. Ends.

932. DEA/11054-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 210 Paris, May 22, 1950

SECRET

Your telegram No. 189 of May 17th.†

Press has welcomed association of Canada and United States with OEEC, though emphasis has been on value of bringing in United States and there has been no specific comment on Canadian participation.

2. United Kingdom and France intend to put matter before OEEC Council (Ministers) on June 2nd. They are thinking of offering Canada and United States:

(a) All documents.

(b) Right to attend all Committees.

(c) Right to attend Executive Committee and Council when they have special interests.

United States already enjoys (a) and (b) in practice and we enjoy (a) through arrangements with United Kingdom.

3. For discussions here can you let us have any advance guidance on what the invitation should contain and what it should exclude. We should also be grateful for your views as to extent and nature of Canadian participation in day to day work of OEEC.

933. DEA/11054-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1015 London, May 24, 1950

SECRET

Re your telegram No. 738 of May 23rd,† repeating message from Paris concerning Canadian association with OEEC.

1. The following are our preliminary comments on paragraph 3 of the Paris message.

2. Regarding the nature of the invitation we should think it might take somewhat the form suggested in the second paragraph of the Paris telegram, together with some of the agreed language from the Four-Power communiqué regarding the pur-

pose of the association. In view of the informality of our association, as emphasized in the communiqué, it might be desirable for the invitation to "welcome attendance" by us at the various meetings rather than to offer us the "right to attend". For the same reason it is probably unnecessary to seek a precise definition of what is meant by "attendance" — as distinct from "participation". No doubt, in practice, "attendance" would permit our representatives to "participate" to the degree which seemed appropriate to us in each case.

3. In the cases of the seven-member Executive Committee and of the Council (at either the official or Ministerial level) it is probably understandable that the members of the OEEC might wish to limit our attendance to those occasions "when we have special interests" in the subjects under discussion. It might be desirable, however, for this part of the invitation to indicate that we shall be regarded as having such a special interest not only when, and if, specifically Canadian topics are raised but also when any matters affecting economic relations between North America and Western Europe are under consideration.

4. It is probably too early to attempt to judge the nature and extent of Canadian participation in the day to day work of the OEEC. Our participation will presumably depend in part on the personnel arrangements which it proves practicable to make. We think at this stage that we should aim to be represented fairly regularly at meetings of the Executive Committee and the Council (subject to any limitation which may be imposed on our attendance) and at meetings of the four main "horizontal" committees which are concerned with payments, trade, programmes (or general economic matters) and, probably unavoidably, manpower. We might contemplate restricting our attendance at meetings of the "vertical" committees or subcommittees to those of special interest (e.g., the Food and Agriculture Committee and its Production Plans Sub-Committee).

934. DEA/11054-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1204 Washington, May 25, 1950

SECRET. IMPORTANT.

Your EX-852 of May 23rd† — Canadian association with the OEEC.

1. Before giving our comments on paragraph 3 of your message, it may be useful to recall one or two rather general points concerning United States and Canadian participation in the OEEC. First, as reported in my WA-919 of April 21st,[31] concerning what might be done about Article 2 of the North Atlantic Treaty, there had been some thought given in the Department of State to the idea that the United

[31] Voir le document 490./See Document 490.

States and Canada should become members of the OEEC. However, this had been regarded as something which might prove beneficial in 1952 rather than as an immediate possibility. The United States is now so intricately involved in Paris and elsewhere in Europe in keeping a close watch on the billions of dollars of ERP funds being spent there that, in the preliminary consideration given to this problem by officials a few weeks ago, the time did not seem appropriate for the United States to change its role in the OEEC. Some idea of the scope of United States operations in Paris can be gained from the sheer size of the ECA staff under Harriman. There are approximately 1100 people working for ECA in Paris, including the ECA mission to that country.

2. Owing to faulty interdepartmental communications as much as to anything else, the four-power statement announced on May 18th came as a complete surprise to ECA officials in Washington. When we spoke to Bissell late on May 18th, he started off by assuring us that he knew nothing about what the press were reporting from London — he was certain, however, that the story of Canada and the United States joining the OEEC must have been an invention of the press as the result of "blowing out of its context" some reference to cooperation with the OEEC which the Foreign Ministers may well have made. The State Department officials say that they have not been able to get hold of Martin of the Treasury, so they therefore do not know what the Treasury's views are.

3. Just how the new relationship with OEEC is to be worked out is entirely the State Department's baby. Now that the baby has been born somewhat prematurely, the State Department officials are in a bit of a quandary about how to handle it and are therefore awaiting the return of those who fathered the scheme before committing themselves to a definite course of action.

4. *Comment on Paragraph 3 of EX-852.*

(I) *The form the invitation should take.* Unless there is some special reason to the contrary, our view would be that the invitation should stay fairly closely to the main lines of the four-power statement issued on May 18th. It might not be amiss if it were possible for Stikker to make some comment on the very great contribution which Canada and the United States have each made to the economic reconstruction of Europe. This might help some other countries around the world who consider that they should be invited to join this very important economic association, now that it has spread from Europe across the Atlantic, to understand why Canada has been invited to establish a special relationship with the OEEC. Although we have paid a rather substantial admission ticket, and the United States is continuing to subscribe handsomely, it is very important that the more chronic dollar invalids in Europe should avoid giving expression to what many of them are alleged to hope, namely, that with the United States and Canada in the OEEC it will be easier to arrange for dollar assistance in the post ERP period.

(II) "*Right to attend all Committees*". It might be advisable to have it made clear that we have the right to speak at all Committees in addition to being able to attend them.

(III) "*Right to attend Executive Committee and Council when they have special interests*". We should, of course, have this right, particularly in the Executive Com-

mittee of Ministers which now meets once a month under the chairmanship of Stikker. Most of the important problems are threshed out and decisions reached in this Committee. To determine what is meant by "special interests" may be a problem. In the Washington context the words, "special interests" usually mean something a great deal less high-minded than is, of course, intended for our relationship with the OEEC. I imagine our interests will be chiefly involved when trade policies are being discussed or payments schemes hatched which, in our view, will affect the economic relationship between the North American countries on the one hand and the European on the other. From the modest size which I assume our delegation will take, as well as from our general reputation, I imagine that we should not find it necessary to make it clear that we do not intend to participate in the work of all the Committees all of the time, nor to take an active part in problems which are primarily the concern of the European countries.

(IV) A small protocol problem may arise over the question of Ministerial representation. From the beginning the United States has attached great importance to having the principal Ministers concern themselves directly and more frequently in the work of the OEEC. As you know, the Stikker appointment and the creation of an Executive Committee of Ministers reflect the extent to which the Europeans have met the wishes of the ECA and of the State Department in this respect. Mr. Harriman, who is a former member of the United States Cabinet, has the personal rank of Ambassador in his present position. There appears to be no protocol problem for Mr. Harriman, who is somewhat noted for the attention he accords to questions of rank, in associating on an equal plane with the Ministers of the European countries. Although it is a very small point, the style and title given to our representative will be of some importance.

5. The Executive Committee of the Council, until recently, used to meet at the official level under the chairmanship of [Sir Edmund Leo] Hall-Patch, the United Kingdom delegate to the OEEC. This Committee now consists of the following seven countries: The United Kingdom, Belgium, Denmark, France, Germany, Ireland and Italy. At the last meeting of the Council of the OEEC it was decided that the Executive Committee should meet once a month at the Ministerial level with Dr. Stikker the chairman of the Council in attendance. To differentiate it from the other Committee, this new group meeting at Ministerial level is customarily referred to as the Committee of Eight. Presumably the main points in our association with this important Committee as well as with the other Committees of the OEEC can best be worked out by our representative after he arrives in Paris.

935. DEA/11054-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 213 Paris, May 27, 1950

CONFIDENTIAL

My telegram No. 210 of May 22nd, Canadian association with O.E.E.C.

United Kingdom-French plan is now to ask OEEC Council to extend invitations to Canada and United States in very brief and general terms. When the two Governments have accepted the invitations it would be left to the Executive Committee to recommend, after discussion with Canadian and United States representatives, the nature and form of the association.[32]

936. DEA/11054-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en France

Secretary of State for External Affairs
to Ambassador in France

TELEGRAM 199 Ottawa, May 29, 1950

CONFIDENTIAL

Repeat Washington EX-878; London No. 757.
Your No. 213 of May 27 — Canadian Association with O.E.E.C.

1. We much prefer the procedure outlined in this telegram to that proposed in your No. 210 of May 22nd.

[32] Note marginale:/Marginal note:
Spoke to Deutsch[,] Beaupré[,] Coyne[,] who all agreed this procedure was preferable[.] A.F.W.P[lumptre] May 29/50.

937. DEA/11054-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 228 Paris, June 8, 1950

CONFIDENTIAL

Your telegram No. 199 of May 29th. O.E.E.C.

1. Following is the text of a letter dated June 7th from the Secretary General of O.E.E.C. to yourself, Begins: "I have the honour to inform you that the Council of the Organisation for European Economic Co-operation at a meeting held at Ministerial level on 2nd June, 1950, have considered a proposal by the delegations of France and of the United Kingdom to give effect to the contents of a statement published in London on 18th May, 1950, by the Foreign Ministers of France, the United Kingdom, the United States of America and Canada, concerning the association on an informal basis of Canada and the United States with the work of the organization.

I am directed by the Council to inform Your Excellency that they have unanimously agreed to endorse this proposal. Accordingly, I am instructed to invite your Government and the Government of the United States to associate themselves, on an informal basis, with the work of this organisation in accordance with arrangements to be mutually discussed.

I have the honour to request you to be good enough to bring this invitation to the attention of your Government." Ends.

2. We should be grateful for the text of the reply that is to be sent.

938. DEA/11054-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 230 Paris, June 9, 1950

CONFIDENTIAL. IMMEDIATE.

Our telegram No. 213 of May 27th. Canadian association with O.E.E.C.

Deputy Secretary General of O.E.E.C. has approached us informally to advise us of Executive Committee suggestions on the nature of Canadian association with this organisation. It is proposed to offer us all documents and the right to attend all Committees, Executive Committee and Council, with reservation that in case of Executive Committee and Council, we would abstain from attending on request

when delicate subjects such as the budget, administrative matters or disputes amongst members were on the agenda. Canada would of course not have vote in Committees but O.E.E.C. hope eventually to work out a scheme for enabling United States and Canada to associate themselves with major decisions. Your early views on this proposal would be appreciated in order that we may discuss the matter further with O.E.E.C. before next meeting of Executive Committee ten days hence.

2. In the meantime, Executive Committee would welcome our attendance as observer on one of their working parties which is about to be formed to study the need of preparing a programme of further European economic expansion over next four or five years. This group will meet next Monday. Would appreciate being informed by telegram Saturday whether we should attend.

939. DEA/11054-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en France

Secretary of State for External Affairs to Ambassador in France

TELEGRAM 213 Ottawa, June 10, 1950

CONFIDENTIAL. IMPORTANT.

Repeat London No. 821; Washington EX-939.
Your 230 of June 9.

1. We are very interested in working party mentioned in your paragraph 2. Please arrange to attend.

2. Proposals in your paragraph 1 appear generally acceptable and you may discuss them on this basis. Final decisions will be taken after Plumptre and Deutsch visit Paris and in the light of parallel decisions by United States authorities.

3. Arrangements for Plumptre and Deutsch in our No. 212 of June 8† are now definite.

940. DEA/11054-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en France

Secretary of State for External Affairs to Ambassador in France

TELEGRAM 214 Ottawa, June 10, 1950

CONFIDENTIAL. IMPORTANT.

Your No. 228 of June 8th — Canadian Association with O.E.E.C.

1. In replying to the Secretary-General of O.E.E.C. you should use the following text, Begins: "The text of your letter of June 7th has been brought to the attention of the Canadian Government.

I am directed to ask you to inform the Council of the Organization for European Economic Cooperation that the Government of Canada gladly accepts the invitation of the Council to associate, on an informal basis, with the work of the Organization in accordance with arrangements to be mutually discussed."

941. DEA/11054-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en France

Secretary of State for External Affairs to Ambassador in France

TELEGRAM 218 Ottawa, June 15, 1950

CONFIDENTIAL

Repeat London No. 847; Washington EX-967.
Following for Vanier from Heeney, Begins: Canadian Association with O.E.E.C. Our No. 212 of June 8th† and No. 213 of June 10th.

1. This matter has now been discussed by Ministers. They are most anxious that the O.E.E.C. and the United States should know that we are most willing to do what we can at the first opportunity to participate actively along whatever useful lines may be agreed to. It is not possible for us to make firm and final decisions until we know the possibilities and prospects offered by the informal working arrangement to be established. However, in order both to show our intentions and to get a clearer picture of what lies ahead, it has been decided that Pierce will go to Paris, arriving July 2nd. His status here and his previous close association with O.E.E.C. will enable him to explore the situation in Paris and report on action to be taken.

2. He will want to get your views on the nature of our O.E.E.C. establishment and its relationship with the Embassy.

3. Please let Stikker and Marjolin[33] of O.E.E.C. and also Harriman and Katz of E.C.A. know of Pierce's visit and make appointments with them for him during the week of July 2nd. Please also make hotel reservation for him from that morning.

4. It will now not be necessary for Plumptre and Deutsch to visit Paris this month. They will hope to go there at some later date. Please cancel arrangements you have made for them. Ends.

[33] Robert E. Marjolin, secrétaire général de l'OECE.
Robert E. Marjolin, Secretary-General, OEEC.

942. DEA/11054-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 252 Paris, June 24, 1950

CONFIDENTIAL

Your telegram No. 218 of June 15th and previous correspondence about OEEC.

Council on June 23rd approved the association of Canada and the United States in very general terms along line previously discussed (all documents to be supplied, invitations to be extended to all Committees and to all Council and Executive Committee meetings except those of no interest to Canada and the United States such as meetings on administrative questions). Everything has been left open and as the Executive Committee reported "it would not be useful to try to define in any precise terms the scope of the new association. A wide interpretation of the original French-United Kingdom proposal is likely to lead to the most fruitful results". Our association can therefore take whatever form we regard as most useful.

2. Secretariat are anxious that we participate in the next meeting of the Council at Ministerial level on July 6th. Not all countries send Cabinet Minister and we were assured that Pierce or an Embassy representative would be most acceptable. United States will be represented. We said that while it was obviously desirable to bring in a Canadian representative as soon as possible, July 6th might nevertheless be too early to allow the Canadian authorities to consider sufficiently what lines they would follow and be ready to make a statement. We have thus indicted that a further delay may be necessary.

3. Our own view is that, for reasons of public relations and to indicate our interest in the new association, a Canadian representative should attend on July 6th. Even if no very explicit statement can be made of how Canada intends to fit into the new association it should be possible to reply to the welcome that will be extended and emphasize the importance attached by the Canadian Government to a new development of great promise.

4. We should be glad to have your comments.[34]

5. Copy of this telegram sent to London by bag.

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[34] Note marginale:/Marginal note:
Mr. Pierce will be in Paris for meetings. He has been briefed informally. Copy of minutes of Committee on E[xternal] T[rade] P[olicy] and Heads of Div[ision]s referred to Paris. L[ouis] C[ouillard]

943. DEA/11054-40

Le sous-ministre adjoint du Commerce
au sous-secrétaire d'État aux Affaires extérieures

Associate Deputy Minister of Trade and Commerce
to Under-Secretary of State for External Affairs

CONFIDENTIAL Paris, July 8, 1950

Dear Mr. Heeney,

I spent the first part of the week I have been in Paris exploring the implications of our new relationship. Since I expect to be back in Ottawa on the 18th I won't report now except to say that everything I have seen indicates that we will need a sizeable delegation, if we are, as we have said, to participate actively in any way that will make a useful contribution. The last two days and nights have been spent attending the Council meetings of O.E.E.C. The Payments Union was approved yesterday but only after a rather desperate two-day struggle on the question of non-discrimination in the liberalization of trade. Difficulties arose with the Swiss and the Dutch. The Swiss have liberalized about 85 percent of their trade. They wanted to use what bargaining power they had left to protect the position of their exports particularly watches which are especially vulnerable in the selection of commodities upon which quantitative restrictions are applied.

The Dutch as a comparatively low tariff country are worried first that they will not get the benefits of liberalization and because of the high tariffs which will then become effective particularly in France and Italy. They are also worried about discrimination in other forms such as special taxes and in state trading. As you will see from the final documents provision was made to grant relief but the principle of non-discrimination was retained. The United States and the United Kingdom were insistent upon its retention but they only gained the day after a severe struggle.

What is disturbing the Dutch and most other countries is that they see American aid coming to an end and defence expenditures rising. Most of them have either allowed consumption to rise to improve their domestic standards of living or have embarked on an ambitious investment program. These standards and programs are threatened and in the face of the threat they hesitated to abandon any safeguard that was available to them. However E.P.U. and the commercial rules associated with it had been adopted and I would agree with Cripps' comment that it was remarkable for the 18 members to arrive at a unanimous agreement and that it was a tribute as he said to the spirit of international democracy that rules in these countries today. He emphasized very strongly the importance of not stretching unduly the provisions designed to grant relief. If these were used for evasion the whole system became inoperable. Every country had made sacrifices and every country was making a contribution of risk but they made them aware of the great international importance of showing the strength and inventiveness of democratic regimes. Incidentally Sir Stafford Cripps seemed well and in the best of spirits as befits one who has perhaps shed the cares of the poor and not yet shouldered the troubles of the rich.

The United States and Canada were welcomed by the Chairman, Mr. Stikker. Ambassador Katz announced the formal acceptance by the United States. Our acceptance had already been received so I had only to refer to it. I made it clear we had not yet named our representative and that my present assignment was to explore the implications of the new association and report to Ottawa. (Nevertheless the London *Times*, less conservative than usual, referred to me as the newly appointed Canadian representative.)

I then — using the language of the Prime Minister's statement in the House and of our press release,[35] expressed our desire to participate actively in any way that would usefully contribute to the development of the organization as an agency for economic co-operation between countries of Western Europe and North America and for the solution of common problems.

Yours sincerely,
SYDNEY PIERCE

944. DEA/11054-40

Le sous-ministre adjoint du Commerce
au sous-secrétaire d'État aux Affaires extérieures

Associate Deputy Minister of Trade and Commerce
to Under-Secretary of State for External Affairs

SECRET Paris, July 8, 1950

Dear Mr. Heeney,

O.E.E.C.-UK-US RELATIONS

On this visit to Paris I have been forcibly struck with the remarkable improvement in relations between the United Kingdom and the United States which has occurred since I was here two years ago. Then the Americans were openly accusing the British of being obstructionists, of opposing any attempt at European integration and having no disposition to take part in it. Personal relations too between the E.C.A. people and the United Kingdom delegation were certainly not good at the top level and only fair beneath. The situation is completely changed. The Americans have nothing but praise, first for the British readiness to accept any well-thought out practical proposal even if it ran counter to their previously held views, and secondly by the reliability of the British who when they agree to do anything do it. Further they have come to believe that there is not such a great difference between the British and United States general approach despite the labels of socialism and free enterprise which they carry. They have been led to change their mind notably by the British attitude on E.P.U. but also by their day-to-day operations.

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[35] Voir Canada, Chambre des Communes, *Débats*, volume III, 1950, pp. 2704-2705 et Canada, ministère des Affaires extérieures, *Communiqués*, 1950, N° 45.
See Canada, House of Commons *Debates*, 1950, Volume III, pp. 2621-2622, and Canada, Department of External Affairs, *Communiqués*, 1950, No. 45.

Conversations of Gaitskell and Katz held in connection mainly with E.P.U. have been helpful in making them both realize that the difference between the two general approaches was not as great as they had thought.

The Americans say that they think the real hope for European recovery and general stability lies in strengthening the British position. Insofar as E.C.A. officials here are concerned they will be strong advocates at Washington for anything that does help the British solve their problems. Once this is done they feel that the solution of the European problems will be comparatively simple. Henry Tasca who is Head of the Financial Division thinks that the most useful step that could be taken is to find ways that could make sterling convertible. Other countries could then follow and a train of fruitful development would ensue. He welcomes the increase of British reserves and thought they should go much higher. He recognized of course the political problems. E.C.A. might indeed be blamed for having succeeding in what the E.C.A. regards as one of its most important tasks. He is turning over the possibility of the United States dropping out of tramp shipping and of doing defence buying in the United Kingdom and of course maintain their drive to facilitate imports. If the O.E.E.C. operation has done nothing more, and I feel it has, it appears to me to have been of tremendous value in bringing the United States and the United Kingdom closer together. The improvement is so great that I find some E.C.A. officials feel that the United Kingdom is the only country in the O.E.E.C. on both whose intentions and performance they can rely.

Yours sincerely,

SYDNEY PIERCE

945. DEA/10767-40

Le sous-ministre adjoint du Commerce
au sous-secrétaire d'État aux Affaires extérieures

Associate Deputy Minister of Trade and Commerce
to Under-Secretary of State for External Affairs

CONFIDENTIAL Paris, July 8, 1950

Dear Mr. Heeney,

PLANS

A country's representative at O.E.E.C. is next to naked these days without a plan.

In addition to the Schuman plan, so supra-national that it has not been brought to O.E.E.C., there now are the Stikker plan (the sector by sector approach) the Pella or Italian plan (the general approach through creation of a European preferential system) and the Petsche or French plan for the creation of a European Investment Bank.

The Council yesterday agreed to pass the plans to the Executive Committee and let it decide how to deal with them.

You have the Stikker and Pella plans. A new working document on the former will reach you shortly. You will be receiving copies of the Petsche plan from the Embassy but in the meantime here are two copies.

The plans are complex, technical and raise broad political issues. The Stikker and Pella plans, like the Schuman, raise the issue of discrimination. It is probable that the Executive Committee will seek an amalgam of all the plans. We should certainly endeavour to get our policy clear in Ottawa as to our attitude on these proposals. There are so many plans now under study that I would think that progress here would be slow (There will be an opportunity, and this is the time, to work for our point of view so that the sooner we can develop our policy the better it will be).[36] You might think it advisable to start a group working on this as soon as you receive the documents.

Sir Stafford Cripps stated the British position quite clearly yesterday. He said the United Kingdom attitude was the same as it was last November. It could not integrate with Europe in any way that would prejudice the full discharge of the United Kingdom's other responsibilities. Their policy rested on the Convention of the O.E.E.C. They would study any proposed association consistent with the above policy. The United Kingdom trade interest was for the development of world trade. Cripps pointed out that the United Kingdom had not objected in principle to the Schuman plan but that they considered it important to consult with G.A.T.T. and I.T.O. Dealing with the question of reducing tariffs he said it was important to reduce tariffs on the other side of the Atlantic as well as on this side. That we must take great pains to make narrow European economic co-operation no brake on wider world co-operation. He went on to urge some caution in entering new engagements, that we should wait till we learn the effects of liberalization and the operation of E.P.U. We must not go too quickly on paper but we should proceed with practical measures and try out their effect before entering into new arrangements.

Stikker spoke about his plan; he made it clear that his original proposal was not engraved on tablets of stone. New considerations had arisen which must be taken into account together with the reactions of the delegations. The plan's purpose was merely to give guidance. He did not expect it to be either accepted or rejected in its entirety. He was looking for a clear simple plan of action; such a plan was needed. United States aid would be reduced, military expenditures expanded and the demands for higher wages were threatening the stability between wages and prices. In the face of this Europe must co-ordinate and balance its accounts with the rest of the world. They should not do this by incidental measures. His plan endeavoured to indicate the direction and also to cushion the shocks and so avoid incidental measures. The objective was European integration and a large European market which would lead to higher standards of living and to the closing of the dollar gap. Anything that was being done in Europe he said must be a stepping stone to liberalization of world trade which alone can bring back prosperity to all our countries. He made special reference to agriculture and a proposal that we must be prepared to

[36] Note marginale:/Marginal note:
Good idea [A.D.P. Heeney].

consider in this field. The ideal was a completely free market but the possibility of obtaining it was remote. Something must be done however lest there develop eighteen different forms of dirigisme. He suggested calling a conference of Ministers of Agriculture in the near future.

Pella spoke. He said questions had been raised in connection with his plan, whether the creation of a preferential plan in Europe was compatible with non-discrimination. He said the choice was not between discrimination and non-discrimination but between the actual forms existing under bilateral quantitative restriction and between European co-operation leading to a reduction of prices with no other protection but the tariff. The choice was between what he called a plurality of European markets, quantitative restrictions, and not closing the dollar gap, and a plurality of European markets capable of organizing its relations solely on a customs tariff basis as does the United States.

The next meeting of the Council will probably be in September at a date not yet fixed.

Your sincerely,
SYDNEY PIERCE

946. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], August 9, 1950

. . .

APPOINTMENT OF CANADIAN REPRESENTATIVE TO THE ORGANIZATION FOR EUROPEAN ECONOMIC COOPERATION

5. *The Secretary of State for External Affairs* recalled that it had been agreed that Canada and the United States should be associated with the Organization for European Economic Cooperation. It is now recommended that Canada should adopt the same procedure as the other countries concerned and appoint a special representative to O.E.E.C. with the rank, status and salary of the head of a diplomatic mission. Mr. Pierce, at present Associate Deputy Minister of Trade and Commerce, was recommended for the position.

6. *The Cabinet*, after discussion, approved the Appointment of Sydney D. Pierce, Esquire, as Canadian representative to the Organization for European Economic Cooperation with the rank of Ambassador; to be paid at the rate of $10,000 a year plus diplomatic allowances; an Order in Council to be passed accordingly.

. . .

947. DEA/4901-F-40

Le représentant à l'Organisation européenne de coopération économique au sous-secrétaire d'État aux Affaires extérieures

Representative to Organization for European Economic Cooperation to Under-Secretary of State for External Affairs

SECRET Paris, October 14, 1950

Dear Mr. Heeney:

RE 110TH MEETING OF THE O.E.E.C. COUNCIL
PARIS, OCTOBER 6 AND 7, 1950

I have summarized in my letter of October 13th† the action taken at the meeting. This letter deals with what appear to us to have been some of the main issues.

The first is the question of the role of O.E.E.C. on the economic aspects of defence. On the eve of the meeting, this was considered to be one of the most contentious issues. On the one hand there was the attitude the French had adopted in the New York NATO meetings to leave such questions to the deputies in London, and the United Kingdom had supported it. On the other hand, there was the view most strongly expressed here by the Swiss, and held to some degree by almost all the other members, including Sweden, that if the O.E.E.C. were to evade this question, the Organization was finished as an effective medium for European cooperation. The Swiss pointed out in private discussions that in matters of European defence, their own strength and their own expenditures were a most important element not taken into account in NATO. Indeed, with 19 divisions available, they felt they could be in Paris in 72 hours. They made it clear that they did not intend to become an island in a Russian sea.

Before the meeting it was known that the French would back away from their extreme stand in New York. This was held to be due largely to the influence of Petsche, the Minister of Finance. He is reported to have said that he, a Minister, did not intend to take orders from Alphand in London.

There was evidence that this question had created a rift in many cabinets. The military has apparently moved ahead of the financial authorities, and there had been a lack of co-ordination.

The United States attitude was considered to be that expressed by Bissell who had, on September 30th, spoken on a personal basis to a Working Party of the Economic Committee. In his remarks contained in Document EC/WP5(50)4,† he said that he believes the O.E.E.C. "must or should forthwith set to work to deal with many of the pressing economic problems that have either been created as problems by the expansion of military expenditures, or problems whose character has been directly altered by these political developments".

He said his feeling was "that if we, all of us within our governments and between governments, wait until we have debated out and discussed at length the form of national and international organisation that is precisely appropriate to deal

with these matters, that we shall wait, and far too long, to get on with the work that needs to be done".

He also said: "I am sure, in my own mind, that it will be wrong to delay the substantive work in the hope that within another two or three weeks there may be a complete clarification of the Organisation, international and national. I think one reason for that is that until the scope of defence expenditure in all the countries here represented, and in certain countries in other parts of the world not represented here — until the scope of that expenditure is better known (which it cannot be for many months in a good many cases) no-one in the world will know, for instance, how pervasive are likely to be the shortages of raw materials that may develop in the next two or three years. Therefore, I think we must resign ourselves to the fact that international as well as national organisations will have to develop as circumstances change, and that we can not now plan our future in this area with any great certainty."

He added that the reason he was so anxious to see O.E.E.C. go ahead with the work was because of his "driving conviction" that the O.E.E.C. has developed a technical competence and that it "is clearly better equipped to get on with these jobs than is any other group of people that now exists anywhere else".

With the expected retreat of the French, the British delegation was threatened with isolation. Hall-Patch, head of the U.K. O.E.E.C. Mission used his influence to have the British change their attitude. He leaned heavily on Bissell's statement, and stressed that the U.S. attitude, with the funds they had to back it up, should be the deciding factor.

At the meeting, all passed off quietly. You will have seen that there is a non-committal reference to the role of O.E.E.C. in this field in the Council decision concerning urgent economic problems (C(50)291 Final, Oct. 7th†) in the section dealing with trade and payments. The Danes made an attempt to spell out a more definite role for O.E.E.C. and for the European Payments Union, but they were quickly hushed up, and there was no debate on the issue.

A controversial issue which arose at the Council meeting was the re-appearance of the old question of how far the U.K. are prepared to go in integration measures with Europe. It arose in discussion of the drafting of Section 3 of the Council decision, "Raw Material Shortages". The question was whether O.E.E.C. would act as a claimant agency for its members. The question was academic: there was nothing at the moment to claim. The British objected to deciding now whether O.E.E.C. would act as a claimant agency. The Irish, supported by the Danes, seized the opportunity to try to force the British to commit themselves to pooling their claims with Europe.

The fight was hot: the result, a compromise. The technical committees concerned are asked to make proposals if necessary, for the introduction of allocation systems and to suggest a course for action, or "procedures whereby the Organisation might be in a position, if appropriate, to act as claimant agency responsible for presenting the requirements of Member countries".

The Irish seem determined to raise this basic issue whenever they can. I suggested to them that little was to be gained from pressing the British when the issues

were academic: British are always reluctant to commit themselves in principle; yet the record shows that they are ready to enter well thought out practical schemes, even if they involve a high degree of integration. The U.K. action on the E.P.U. was, I thought, a good example, and I suggested privately to the Irish that they hold their fire until questions assumed a practical form.

One matter, while not a main issue, that was of interest to us as Canadians, was the treatment of the section in the draft decision which the Secretary-General recommended dealing with the United States and Canada (C(50)291, Oct. 5th†). We pointed out that this section, as first drafted, placed an obligation on the United States and Canada that was not spelled out for all members. The two countries were asked to have regard for the needs of the European countries, but the latter were not charged with having the same regard for our requirements. It appeared to us that the clause should be generalized. In addition, we pointed out that the second section of the same paragraph, which called upon the United States and Canada to maintain delivery dates for European countries really amounted in practice to asking us to give European requirements a preferred position. Under a system of priorities and allocations, delivery dates shift to permit the most urgent requirements to be met, and to ask that delivery dates be maintained was a request for more than equitable treatment.

The result was that the decision in its final form was generalized, and Section 2 dropped. The final wording is: "The Council recommends: The countries participating in the work of the Organisation should, in their demand for scarce materials and equipment, and in the administration of export controls over these items, have due regard to their mutual requirements and their common interests and objectives." (Para. 19, Council Decision Concerning Urgent Economic Problems — C(50)291 (Final)).

Yours sincerely,
SYDNEY PIERCE

948. DEA/11054-40

Le représentant à l'Organisation européenne de coopération économique au sous-secrétaire d'État aux Affaires extérieures

Representative to Organization for European Economic Cooperation to Under-Secretary of State for External Affairs

LETTER NO. 12 Paris, October 31, 1950

SECRET
Reference: Our letter No. 7, October 26, 1950.†

O.E.E.C. GENERAL

In my letter of October 26, I wrote of the atmosphere at the Council Meeting at the ministerial level of October 6. I said I felt that the obstacles to progress had gained and the cooperative objective had lost in stature. I added that a more con-

structive note had been evident in the Committee discussions that followed the Council meeting.

2. The improved tone was maintained at the last Council meeting at ministerial level of October 26, and I feel the balance has been to some measure redressed.

3. The action taken at the meeting reported in our telegram No. 13 of October 28,† shows that the principle of liberalization in intra-European trade was maintained and the way left open for further progress in this direction.

4. Qualified though the decisions to proceed with liberalization are, they were nevertheless reached only with considerable difficulty. The original instructions which Stikker had from the Netherlands Government on the issues of reduction in the disparity of tariff levels and of Netherlands-German trade would not have permitted the Council to reach its decision: but Stikker sought and obtained a modification of his instructions.

5. While the way is left open for further progress in the field of liberalization, several countries do not expect that they will be able to attain the 75% level by the first part of 1951, if indeed at all. The Dutch, the Danes and the Turks said so clearly and others might have if the point had not been made and escape clauses provided for them.

6. Really serious obstacles to further progress in this and other fields of European cooperation are the high French and Italian tariffs. The present attitude of the French in O.E.E.C. seems to me designed to erect a series of defences around their tariff. They call upon the Organization to deal "satisfactorily" with the problems of raw materials and the impact of defence and have made their acceptance of the next stage of liberalization conditional upon their receiving satisfaction. They call on the O.E.E.C. to adopt the Petsche Plan for a European Investment Bank. They refer to the key role in European integration of the Schuman Plan. They imply all must go abreast. I expect any day now they will require that the Pleven Plan be added to the formation.[37]

7. At any rate, O.E.E.C. still has way and the crew's still hard at work, even if some of them are wearing water-wings under their dungarees.

SYDNEY PIERCE

[37] Plan français pour une armée européenne. Voir le document 579, note 76.
French plan for a European Army. See Document 579*n*76.

949. DEA/10767-40

Le secrétaire d'État aux Affaires extérieures
au représentant à l'Organisation européenne de coopération économique

Secretary of State for External Affairs
to Representative to Organization for European Economic Cooperation

DESPATCH E-208 Ottawa, December 21, 1950

CONFIDENTIAL

Reference: Your letter No. 97 of December 6.†

STIKKER, PETSCHE AND PELLA PLANS

1. The draft paper on the Stikker, Petsche and Pella Plans which was enclosed with our letter No. E-142 of November 28th† has now been discussed with other Departments and revised in a few details of minor importance. A copy of the final paper is enclosed.

2. You will, of course, be as aware as we are that the turn of events in Korea, the economic consequences of urgent rearmament, and the scarcity of some essential raw materials have created a situation quite different from that in which these proposals for European integration were conceived. They were designed and proposed for an era of peace and relative stability to provide offsets for unemployment and dislocation consequent to the gradual establishment of a single market area in Europe. That perspective no longer exists. Instead, a path of quick rearmament lies ahead, beset by scarcities of raw materials, warnings of inflation and the reimposition of wartime controls. In this new situation the present plans for European integration are academic. A modified version of the Petsche plan tempered to the requirements of rearmament as well as to the ideals of world integration might, however, be worth considering in the new situation. Your thoughts on this subject would be appreciated.

3. The impact of rearmament on the three plans was discussed with Hall-Patch and Marjolin when they were in Ottawa December 18th. They had obviously not had time to think the matter out but they were agreed on two points:

(a) If the economies of OEEC countries were caught up in an inflation even the present stage of liberalization might have to be abolished.

(b) The more urgent problems of providing sufficient essential raw materials to keep European industry producing, the economic problems of rearmament and the working out of a modus vivendi or amalgamation with NATO would occupy the full attention of OEEC for some time. An account of the discussions of these problems are set out in another despatch.

4. Although there are more pressing problems facing OEEC than that of the integration of the European economy, and although the SPP plans are not likely to receive much further attention at the moment, integration is important in a rearming as well as in a peaceful world; it would improve the efficiency of the economic basis of military power. Both Marjolin and Hall-Patch agreed that this

was so, but they had obviously given no thought to the manner in which integration might be accomplished in a rearming and inflating Europe. We suggested that integration might be easier during a period of inflation than during a slack period.

5. It is recognized that the enclosed paper is partly out of date. However, it would not be useful to revise it at the moment until more urgent matters have been decided.

A.F.W. PLUMPTRE
for Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

[Ottawa], December 21, 1950

THE STIKKER, PETSCHE AND PELLA PLANS FOR EUROPEAN INTEGRATION

Three plans for integrating the economies of the Western Europe countries are now under consideration in OEEC: The Netherlands "Stikker" Plan, the French "Petsche" Plan and the Italian "Pella" Plan. All have the common objectives of raising European production and standard of living, balancing payments and promoting full employment. In addition, there is common agreement that the accomplishment of a single market area in Western Europe and the redistribution of industry from high cost to low cost areas. The three plans envisage a progressive removal of trade barriers, both quantitative and tariff, and are focused on the liberalization of 75% of all intra OEEC trade on private account by December 30, 1950.

None of the so-called plans is a detailed blue print for action; they are proposals, and their terms may vary as they are considered. They are not mutually exclusive and it is possible that a final and acceptable plan for European integration will contain elements of all three proposals.

The "Stikker" proposal emphasizes the joint responsibility of all the participating countries for sharing the burden of readjustment in any one country which is made necessary by the removal of restrictions. Stikker maintains that the "common advantages of integration can be achieved only if the burdens are commonly shared". Hence, his plan envisages a European integration fund, to which all participating countries would contribute. The resources of the fund would be used to make loans to participating Governments to counteract the repercussions of trade liberalization. The manner in which the fund would operate has not been fully worked out, but the emphasis is on the need to counteract the short term disequilibria in the transitional period and to spread the cost of remedial investments over all the participating countries in relation to their contributions to the fund.

The Petsche Plan calls for the establishment of a European Investment Bank with more positive aims. It would attract private capital and invest in projects

which would yield a commercial return in a freed European market and which would be competitive on world markets. The Bank would lend either to private or public enterprises which served to increase the competitive power of European production in world markets. It would assist in financing industries which were economic only on a European as opposed to a national scale.

The scope of the Petsche plan is thus different from that of the Stikker plan although in practice the two might overlap. Whereas the Stikker plan is primarily an attempt to solve the political problem of sharing the burden of liberalization by granting loans to governments to counteract dislocation of industry rendered uneconomic by the reduction of trade barriers, the Petsche plan envisages what amounts to a European Investment Syndicate whose object is to direct investment funds into the most economic projects regardless of national boundaries. As for overlapping, it is probable that funds lent to governments by the Stikker "fund" to counteract the decline of uneconomic industries would be invested in projects that would be approved by the Petsche Bank; but this would not necessarily be so as the final decision on the use of Stikker money would be decided on a national basis.

The Pella Plan is of a different nature. It assumes that the immediate removal of all European tariffs is a practical impossibility and that a "simultaneous, progressive reduction of European tariffs is possible only if participating countries are not compelled to extend the reductions in favour of OEEC countries to all other countries". The Pella Plan thus envisages the formation of a Western European Preference Area. Within it tariff reductions would be negotiated on a m.f.n. basis; it would be a little GATT inside the existing GATT.

Like the Stikker plan, the Pella plan provides a mechanism for sharing equitably the burden of trade liberalization. Equal percentage reductions in tariffs in different countries may cause quite different degrees of industry dislocation and unemployment in those countries. Pella would maintain that it is these burdens which must be equally shared. Therefore, some countries with rigid economies must be allowed to keep their intra-European tariff at a higher level than other countries whose economies are more flexible. It is not surprising that Italy, with one of the highest tariff levels and with one of the most rigid economies in Europe, should propose a plan which might enable her to maintain relatively higher rates than other countries.

The Pella Plan envisages a progressive reduction of tariffs within the Preferential Area which would both provide an incentive for reducing production costs and give time for industries to adapt themselves to new competitive situations.

The Pella proposals are obviously contrary to the main provisions and purposes of the General Agreement on Tariffs and Trade. However, under a general escape clause, a two-thirds majority of the Contracting Parties can waive any obligations, so that the Plan could be carried out by the OEEC countries if enough outside countries agreed.

GENERAL CANADIAN POLICY ON EUROPEAN INTEGRATION

The Canadian interest in European integration is broadly based. We have a strong political and strategic interest in establishing a united political and military front. On the other hand, our political and military interest extends to the whole

North Atlantic area and beyond, and our interest in European integration must be viewed against this wider background.

From an economic point of view it is in our general interest for European countries to improve their economic efficiency. The reduction of obstacles to specialization and trade between themselves even on a limited, discriminating basis will in many cases promote efficiency. It must be remembered, however, that general, non-discriminating reductions will provide an even greater spur to efficiency. Further, some reductions of barriers within Europe will lead toward general reductions; others will lead toward a permanently protected European market. Hence we cannot be "for" or "against" them in general.

It is certain that a rationalization of European industry cannot be accomplished in isolation. Some adjustments outside Europe are inevitable. Accordingly, if the long term aim is worthwhile, our interest lies in ensuring that the re-adjustments in Canada take place at a time when our economy is as buoyant and flexible as it now is. The stringent restrictions imposed in recent years against imports into Europe have fortunately caused little real hardship in Canada. We have developed other markets for our industries or new industries for new markets.

There would not seem to be any reason to change the general approach we have adopted toward economic integration plans for Europe in the past few years. The facets of that approach are as follows:

(1) In general make no objection to reasonable proposals for European integration, i.e. proposals which conduce to an ever widening area of multilateral trade.

(2) Try to ensure that Europeans do not undertake plans which will worsen their economic position — and hence their military and political position — in the long run.

(3) When a sector of Canadian industry (particularly a relatively rigid sector) will be harmed excessively by a particular restriction, make sure our situation is brought to the attention of the policy makers, and, if our case relative to theirs is a good one, make the strongest representations to have the restriction removed or ameliorated.

The Stikker, Petsche and Pella proposals may be considered in the light of the foregoing.

The Stikker Plan

The Integration Fund proposed by Mr. Stikker is basically a compensatory arrangement. It does not introduce any new device which would affect Canadian interest; Canada, presumably, would not be expected to participate. In essence it is a device for bringing about more quickly 75% and later the 100% liberation of European trade. The OEEC has been following this course for some time now and Canada has neither tendered serious objection to it nor suffered unduly from it.

The Stikker plan is intended to spread the burden of integration on an equitable basis between European countries. The principle of offering loans in exchange for reduction in quantitative and tariff restrictions is a new one and it may present numerous administrative difficulties to the OEEC countries. There is no reason for Canada to oppose it within Europe. On the other hand, the principle of cash com-

pensation for tariff and quota reductions is one which we probably would not wish to see extended outside — for example, in GATT.

The Canadian policy toward the Stikker Plan, if it is adopted by the OEEC, might be —

(1) to watch closely the improvement in the dollar reserves of participating countries and, from time to time, press for such removal of quantitative restrictions on a multilateral basis as the reserve position would permit.

(2) To watch closely the course of European investment and to make strong representations if Stikker loans are used to promote European industries whose costs are high relative to similar industries in North America or elsewhere.

The Petsche Plan

The Petsche Bank is a more positive device for directing investment into economic channels than the Stikker Fund. Its principle of financing only those projects which would be competitive on a world-wide basis is particularly acceptable to Canada.

It is suggested that Canada should favour in principle the Petsche Plan while recognizing that it does not tackle directly the current burden sharing problems connected with trade liberalization.

The relationship between the Petsche Bank and the International Bank for Reconstruction and Development is not yet clear. The proponents of the European bank tend to magnify the differences between them. Basically they have the same objectives, although they differ in some matters of principle and technique. I.B.R.D. may grant loans only to governments or to private interests under government guarantee; the Petsche Bank would lend directly to private or public undertakings. The Petsche Bank would only assist projects in which there was considerable participation by private capital.

It is conceivable that the two bodies might participate in assisting the financing of the same enterprise. The World Bank could make a loan to an enterprise which was also receiving EIB assistance, provided there was an appropriate government guarantee of the World Bank loan and the other usual conditions for IBRD financing were present.

Up to now the relationship between IBRD and the EIB has been discussed on a technical basis. When they are discussed in Council it is certain that political considerations will predominate. The OEEC are unlikely to favour co-operation with IBRD which will give that agency a final or even an important voice in allocation of European investment funds although they will do everything they can to attract IBRD capital.

Canada has no direct interest in this jurisdictional discussion. Both Banks have principles which we favour. It is not possible to formulate a final Canadian position until a definite plan is proposed and until the attitudes of the OEEC countries and the Bank are made known. In general we might favour:

(1) Encouraging a close relationship between the EIB and IBRD in order to emphasize and strengthen multilateral objectives. This might take the form of IBRD participation on EIB's governing body in order to help maintain multilateral

principles in the face of regional political and economic interests. (It is not certain, of course, that IBRD would wish to be a participant on EIB's governing body.)

(2) Leaving a considerable degree of independence and discretion to the EIB in the channelling of European investment.

The Pella Plan

The Pella Plan presents greater obstacles to Canadian agreement as it runs counter to the multilateral most-favoured-nation principles of GATT. We might tend to favour the replacement of quantitative restrictions by such devices as graduated import taxes, even if intra-European trade were to receive preferential treatment. However, there is apparently no immediate intention of abolishing quantitative restrictions on dollar imports. Consequently, it is suggested that the Canadian policy should be to oppose the adoption of the Pella proposals. Western Europe has come a very long way toward viability and increasing standard of living without destroying the multilateral m.f.n. principles in the field of tariffs. It would be most unfortunate if these principles were forsaken in the last stages of recovery in order to hasten the removal of quantitative restrictions by a year or so.

If the Pella Plan were adopted, we should make every effort to restrict its scope. If it became clear, in GATT, that a two-thirds majority might allow some sort of waiver, we should then argue against a general waiver, suggesting instead that every preferential rate be justified individually under Article XXV of the General Agreement.

SECTION D

COMITÉ DE COORDINATION DES CONTRÔLES EN MATIÈRE D'EXPORTATION
COORDINATING COMMITTEE ON EXPORT CONTROLS

950. DEA/50001-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en France

Secretary of State for External Affairs
to Ambassador in France

TELEGRAM 621 Ottawa, December 30, 1949

SECRET. IMPORTANT.

EXPORT OF STRATEGIC MATERIALS TO IRON CURTAIN COUNTRIES

Repeat (for information only) Washington EX-3065; London No. 2242.

1. We have been approached by State Department in Washington and by United Kingdom High Commissioner here in regard to a meeting in Paris on January 9th. We have said that we would be glad to have Canadian representatives participate fully in the meeting if this is agreeable to the others. In discussing the matter State Department officials have said that they will seek the approval of the United King-

dom, France, Italy, the Netherlands, Belgium, Denmark and Norway to our participation; on the other hand the United Kingdom has indicated that they are sponsoring us jointly with the United States.

2. Throughout the war and postwar period we have worked very closely with the United States in matters of export control, whether these controls have been designed to conserve scarce materials on the North American continent, or to prevent war material and supplies from reaching possibly hostile destinations. There are no border controls between Canada and the United States; the imposition of such controls might involve serious impediments to trade; hence our controls on overseas exports must be closely in line with American controls.

3. Officials of the Department of Trade and Commerce in Washington are in frequent contact with officials in the Department of Commerce and State Department who are concerned with United States export controls. In addition policy meetings have been held from time to time and members of this Department have attended.

4. Over the past year or two the United States has been putting increasing pressure on E.R.P. countries to bring their export controls into line with United States (and Canadian) policy. This has become more necessary as wartime scarcities have disappeared; as long as strategic materials, machinery, etc., were in very short supply there was little likelihood that Western European countries would ship them to Eastern Europe.

5. At the beginning of this month the United States asked us if we would participate in an ad hoc international group to coordinate export policy to Eastern Europe. We agreed to do so. The wider the group of Western countries participating and the more fully they keep each other informed of their actions, the more effective will their joint policy be. We warned the United States, however, that while we were anxious to coordinate policies as far as possible, we could not agree to any system which would involve us in getting approvals from them or from some international body in advance of individual shipments.

6. In agreeing to participate in the ad hoc group we expected that it would meet in Washington. However, it is meeting in Paris. This is satisfactory from our point of view as long as our specially close relations with the United States (for geographical reasons) are understood by the other participants. We have emphasized this point to the United Kingdom High Commissioner here.

7. When the United States first proposed that we should join in an international group it was in connection with arrangements under the North Atlantic Treaty. We agreed with them that this was not (repeat not) desirable. It would limit the membership of the group; it would make secrecy more difficult; and if news of the arrangement leaked out, it might be used by the Eastern countries as evidence that the North Atlantic Treaty was offensive rather than defensive. The fact that meetings are to take place in Paris raises the question whether the group might become associated with O.E.E.C. We would regard this as objectionable for the reasons already given; in addition any formal association with O.E.E.C. might have wider implications for Canada which would make our continuing association with the group impossible.

8. If we had understood that meetings were to take place in Paris we should, of course, have been in touch with you earlier. We are sending by air mail copies of relevant documents.

9. We understand that the meeting, beginning on January 9th, is likely to last about a week and that six experts are going from the United States and four each from France and the United Kingdom. The Department primarily concerned here is Trade and Commerce and we trust it will be possible for Manion to attend. In addition, however, we would like to have a member of this Department closely associated with the meetings to report to us on policy matters. It is probable that Mr. Bull of the Department of Trade and Commerce, or one of his associates in Ottawa, will go to Paris for the meeting; we will give you further word on this. In any case Trade and Commerce will be briefing Manion.

951. DEA/50001-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 14 Paris, January 7, 1950

SECRET. IMMEDIATE.

Repeat London No. 4.
Reference my message No. 13 of January 6th.† Export controls to Eastern Europe.

2. Our participation has now been approved by all concerned and invitation received from the French.

952. DEA/50001-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

DESPATCH 57 Paris, January 25, 1950

SECRET

Sir,

I have the honour to refer to the consultations held in Paris from January 9th to 19th to consider the problem of controlling exports to Eastern Europe. In this connection I refer to my messages Nos. 28† and 29† of January 12th, No. 33 of January 13th,† and No. 39 of January 18.† In forwarding an account of these meetings I am reporting in some detail in order that the representatives from Ottawa who

come to Paris for future meetings of this Group may have a comprehensive picture of previous negotiations.

History

2. Before reviewing the recent session, I think it would be useful to refer briefly to the previous meetings of this Group. Late in 1948 the U.K. and France held joint meetings in order to decide on a common policy as regards the U.S. request for the application of their 1A and 1B lists. It was desired to speak as one unit when dealing with the U.S., although the negotiations were in fact bilateral at that time. Hence the Anglo-French list was drawn up. Invitations were later issued to Belgium, Italy, the Netherlands, Switzerland and Sweden to join these discussions, but the latter two countries, after attending one or two meetings dropped out, preferring to implement their own programme of controls without consultation with the other countries. However, they have discussed and we understand they are still willing to discuss their arrangements with the U.S. on a bilateral basis. At the instigation of the U.K., the U.S. was invited to send observers to the October meeting. They became active members in November. At that time, Norway and Denmark also joined the Group.

The December Session

3. One of the United Kingdom representatives gave Mr. Kilgour[38] an opportunity to read their report to the Foreign Office on the December session. The following information is therefore largely based on the U.K. report. At the December meeting, the Group had as the basis for discussions, the Anglo-French list of items for complete prohibition of export to Eastern Europe. As you know, this list included many of the items on the U.S. 1A list, and a few of the items were on the U.S. 1B list. After lengthy and sometimes tense discussions, the Anglo-French list was split into three separate lists. List I was those items on which all countries agreed complete prohibition was desirable. List II included any items on which quantitative controls were considered sufficient. List III included the remaining items on which agreement had not yet been reached. Various reasons were offered why certain items should not be included in List I. The Belgians, on the plea that some items were of considerable significance to their economy, suggested that the other countries participating in these discussions might be prepared to buy the surplus they would normally export to Eastern Europe. The Dutch, on the grounds that some items were important bargaining points in their trade negotiations with Eastern European countries, similarly wanted some items left free. The French suggested that certain items should not be included, for in exporting them to Eastern Europe they always obtained, they said, a suitable *quid pro quo*. To all these observations, the other participants gave no sympathy. Some items were tentatively placed in list III simply owing to the need for a clarification of the nomenclature. At Appendix I,† you will find the report on lists adopted at the December session.

4. On the question of Transit Trade, the U.S. proposal (Appendix II†) was used as the basis for the Committee's Report (Appendix III†). This document is self

[38] Arthur R. Kilgour, troisième secrétaire, ambassade du Canada en France.
Arthur R. Kilgour, Third Secretary, Embassy in France.

explanatory. On Trade Agreements, the Group recognized that existing trade agreements must be fulfilled but recommended that in future trade agreements with Eastern European countries no obligations should be taken to supply security items included in the agreed prohibited lists. The text of the Report is attached at Appendix IV.† As regards the future constitution and work of the Study Group, a Report (Appendix V†) was adopted which envisaged the creation of a small Secretariat. Largely owing to objections from the Netherlands, this proposal was modified at the recent session.

The January Session — The Problem of a Secretariat

5. When the plenary Group met on January 9th, the principal problem that arose concerned the reservations of the Netherlands about a Secretariat and the obstacle which this problem placed in the way of their participation in the Group (see Appendix VI† for the text of the Netherlands' statement). It will be noted that the Netherlands Delegate stated his Government would not participate in the Group if it were to become an official or semi-official international body with a Secretariat and frequent meetings. After a prolonged discussion during which many of the representatives sought to ease the Netherlands' fears, it was decided that a working committee should immediately consider the question of a Secretariat and estimate how much work might devolve on a central organisation in view of the tasks which the Group would be taking into hand. At the same time the Netherlands Delegate returned to The Hague to consult his Government. The subsequent developments in this connection have been comprehensively reported to you in the messages sent during the session. The text of the Working Committee report on the problem of a Secretariat was repeated in Telegram No. 33 and is attached at Appendix VII.† At the meeting of Heads of Delegations on January 18th, the Netherlands Delegate made a formal statement clarifying his Government's position. He again declared his Government was anxious to co-operate as far as possible, but stated that it objected to any attempt to form a permanent organisation on a multilateral basis or to arrive at a multilateral agreement. He said, unofficially, that his Government feared that if a Secretariat was formed, it would commence additional studies and be liable to push the participants further than they were prepared to go. In view of the fact the term "strategic exports" had not been defined, the possible result was that it would be interpreted as in wartime with even food prohibited. He suggested that if the people of the Eastern European countries became aware of such efforts they might indeed suspect the West. He also declared that his Government must always be in a position to be able to truthfully deny to the press or to Parliament that the Netherlands belong to any organisation the purpose of which is an economic blockade of Eastern Europe. To these observations of the Netherlands Delegate, representatives of all the participating countries declared that they were in entire agreement. In the course of the session, Mr. Manion also declared that we would be happy to participate only so long as the organisation remained on its present informal basis. The report of the Working Committee has not yet been accepted by all Governments but there is every indication that they will do so. At the final meeting of the Heads of Delegations, on January 20th, Mr. Manion informed the Chairman, in accordance with the instructions in your message No.

29 of January 18th,† that the Canadian Government accepted the report. You may have been concerned lest our participation in this Group bring further obligations upon us. I do not think any tendencies of this nature should arise owing to the type of continuing organisation which has been arranged. You will note that where secretarial assistance is required the chairman will simply call on local personnel.

Lists

6. In the examination of the three lists drawn up at the [December] session, six items were transferred from List III to List I and two items were transferred from List III to List II. As regards the U.S. additional 35 items from their List 1A, twelve items were placed on List I, one item was placed on List II, and the remaining items were placed on List III, (see Appendix VII for report of the Working Committee on the Lists†). There was some discussion by the Heads of Delegations on how List III should now be processed. It was agreed that as the present report represented the maximum agreement that could be reached at the technical level at the present time, the various representatives should refer the report to their respective capitals recommending the adoption of Lists I and II, and that the various items on List III receive appropriate study. In this regard, you will note that some items will require a Governmental decision, and that other items at present require only consultation with other technical experts. Two countries, the Netherlands and Denmark, were unable to agree with the decision to recommend the adoption of Lists I and II to their Governments. The Netherlands Delegate pointed out that as he had had no opportunity to attend the meeting of the Working Committee when the lists were studied, he could only ask his Government to *consider* the Group's conclusions. He therefore reserved his position on the items included in Lists I and II. The U.S. Delegation asked for expeditious consideration. The Danish Delegate's position is outlined in Annex C to Appendix VII.† After some discussion, during which the U.S. Delegate said he was confident that the Danish Government would make its present administrative control equally effective, the Group agreed to wait and see if the system to be followed in Denmark was sufficient. If at a later date, it is deemed necessary for Denmark to revise its system, the Group has reserved the right to request the Danes to do so. During this discussion the U.K. Delegate said that his Government did not concur with the Danish system and that his Government was prepared to adopt the additional items on Lists I and II only if all the other participating countries did so. However, he subsequently agreed to recommend the new additions to his Government in spite of the present position of the Danes. As far as future work on these lists is concerned, I do not consider any action need be taken in Ottawa. Mr. Manion pointed out to the Group that we already apply U.S. Lists 1A and 1B. The technical problem of definition which arises in the case of some of the items on List III I think can be left for the Europeans and the U.S. to solve.

Admission of Western Germany

7. On the question of the participation of the Western German Government, all the participants agreed that if these efforts to deny strategic items to Eastern Europe were to be successful, it was essential that Western Germany join the Group. The Allied High Commission is aware of these Paris discussions and has in fact advised

the Group that it will be glad to pass an invitation to the Western German Government. Any German Delegation will, however, include a representative of the Allied High Commission who will deal with any subjects outside the competence of the Western German Government. Arrangements are now in hand for the invitation to be issued and it is anticipated that the Germans will attend the next session (see Record of Discussion in Appendix X†).

Application of Policies to Other Countries

8. As regards Yugoslavia, the U.S. representative informed the Group that his country treated Yugoslavia on different basis from the other countries of Eastern Europe. He declared that some items on Lists I and II, though not many, and some items on the U.S. 1B List, had been approved for export. The criteria of selection was roughly whether the commodity would contribute to an improvement of Yugoslavia's general economic position. He said that some items on their Munitions List might also be approved (i.e. aircraft parts). In order to provide the Group with a more suitable guide on what exports were likely to be approved, the U.S. Delegate undertook to submit to a future meeting of the Coordinating Committee a paper on this question. It is to outline specific instances where approval has been given, and some general comments on the criteria used. Although this question will therefore be studied within the Coordinating Committee, the U.S. representative recommended that no export of munitions should be approved without prior consultation; and that in the case of items on List I, the participating countries should merely inform their colleagues after export had taken place. (See Appendix X†).

9. On exports to Austria, the U.S. Delegate declared they had no restrictions but that an elaborate screening process was applied. The Group recognised that there were virtually no means to control the problem of trans-shipment within Austria and that it was undesirable to export any controlled item to this country. As regards Finland, it was agreed that a policy similar to whatever should be applied to Yugoslavia was desirable (see Appendix X†). After the U.K. and U.S. declared they were not in a position to consider any proposals concerning China at the present session, no further discussion took place on this subject.

Transit Trade

10. The problem of Transit Trade, (as well as the problem of the remaining items on List III), may cause difficulties at future meetings. The report on Transit Trade is attached at Appendix IX.† You will note that two systems of control were proposed, one by the U.S. and the other by the Belgians. (These are annexed to the report on Transit Trade). Although no Delegate observed that the U.S. system would not obtain the desired objective, most of the Europeans considered that the U.S. system, if implemented in their country, would cause "serious administrative difficulties and a disproportionate hinderance to trade". The two systems are therefore to be studied in each capital and will likely be discussed at the next session. I feel you will consider the Belgian proposal to be inadequate. The Belgian proposal is unsatisfactory also as it would involve additional duties for the Secretariat. The Canadian Delegation pointed out that this system, while perhaps bringing evaders to light, did not in fact put a stop to undesirable transit trade. You may wish to

consider whether it is desirable for us to take a stronger position in this matter when it is again discussed.

General Comments

11. Throughout the session our Delegation kept in close touch with the U.S. Delegation in particular with Mr. Willis Armstrong. The Head of their Delegation was Mr. J.M. McDaniel, of E.C.A. (Washington). The problem of East-West trade is considered essentially to be a State Department problem and Mr. [Stanley M.] Cleveland of the U.S. Embassy informed us that his Embassy was in the process of taking over this work from E.C.A. (Paris). However it seems likely that the European countries will continue to handle this work through their O.E.E.C. personnel. At Appendix XI† is a list of personnel of the participating countries who attended the opening plenary meeting. The additional people who attended the technical meetings are not included. A number of the senior representatives are alternate delegates of their country on the O.E.E.C. Council. M. Hervé Alphand acted as Chairman at the Plenary Session on January 9th and at the meetings of Heads of Delegations. Particular mention should be made of the Italian Representative, M. D'Orlandi. He was Chairman of all technical meetings. Fluent in French and English and able to keep discussion on the right track, he was an impressive Chairman. Fortunately he is to be Chairman of the newly created Coordinating Committee. Throughout the session there seemed to be an amicable spirit. Our Delegation considers the U.S. representatives to have been broad-minded, and to have dealt with the European Delegations in a sympathetic way. The U.S. seem to take the attitude that this work is only just beginning and that it is important it should develop with as much cooperation as possible.

12. As regards future work, the U.S. 1B List will, as you anticipated, likely come up for discussion at the next session. In this connection, the U.S. distributed a paper on their proposals (Appendix XII†). The Department of Trade and Commerce will no doubt find this paper of considerable use in preparing for the next session. No date, however, has been mentioned when this meeting, or a meeting of the Coordinating Committee, may take place. I shall keep you informed as meetings of the Coordinating Committee occur.

13. Additional copies of all the Appendices are attached to the second copy of this Report. Mr. Manion has asked that this set of documents, together with the report, be forwarded to the Department of Trade and Commerce.

I have, etc.

GEORGES P. VANIER

953. DEA/11045-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
Secretary of State for External Affairs

TELEGRAM WA-1095 Washington, May 12, 1950

SECRET

Reference Paris meetings on control of exports to Eastern Europe.

1. [Robert] Wright, of the Economic Resources and Security Branch of the State Department in a conversation with Towe yesterday, said that the United States is now giving further consideration to their proposals for quantitative control of exports which were tabled in the January meetings of the Paris group. Under the original United States proposals the international list 2 (items for quantitative control) was to be divided into three categories:

(1) Items which would call for prior consultation in the Paris group. Items in this category would in reality be subject to complete prohibition unless a strong case could be made for a specific shipment on economic grounds.

(2) Items for which firm quotas would be established. The United States proposed that the quota established should represent a 50 percent cutback in the average annual shipments made for the period 1947-1949.

(3) Items of less strategic significance for which a post facto exchange of statistics would be required.

2. A number of European countries, and in particular the United Kingdom and France, have apparently taken strong exception to the United States proposals for quantitative control of certain strategic exports. It is claimed that the application of such proposals would be tantamount to full scale economic warfare with Eastern Europe, would completely disrupt East-West European trade approved on economic grounds and thus jeopardize economic recovery. Recent State Department studies (to be used for their guidance only) have apparently demonstrated that French and British claims are not without foundation. It is estimated that over the period 1947-1949 approximately one-third of Western European exports to Eastern Europe has consisted of the United States 1B items. A 50 percent cutback would represent a serious economic loss for many of the Western European countries.

3. Opinion in the various United States Government agencies on the original United States proposals for quantitative control is by no means unanimous. The Economic Cooperation Administration, convinced that strict quantitative control would have a serious adverse effect on economic recovery, believe that the Paris group should content itself, at least for the present, with an exchange of statistics on 1B shipments. On the other hand, Western Europe's reluctance (and particularly the unwillingness of the United Kingdom) to introduce stricter quantitative controls has caused the United States Department of Commerce considerable embarrassment. The Commerce Department here has been subjected to no small amount of

criticism from United States exporters who are aware that shipments of items they are prohibited from exporting, are being made from Western European countries. Moreover, the Department of Commerce itself is apparently convinced that the present relatively large volume of European East-West Trade in 1B items is the direct result of United States Government policies limiting control of such items. If the United States were to liberalize their own restrictions, East-West trade in 1B items, faced with United States competition, would probably decline. The Department of Commerce is of the opinion that they cannot continue to refuse export licences for 1B items when shipments of such items are being made by Western European countries. Present State Department sponsored policy does, however, have some support; the Pentagon would favour complete prohibition of all exports to Eastern Europe.

4. Interdepartmental discussions are still going on in the United States. I would gather that the original United States proposals for quantitative control which were presented to the Paris group will be considerably modified. This may mean adding additional items to the international list 1, prior consultation on certain 1B items and exchange of statistics on the remainder with a quota set somewhat higher than 50 percent of the 1949 trade figures.

5. Your views would be appreciated.

954. DEA/11045-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-991 Ottawa, June 22, 1950

SECRET

1. I refer to your Teletype WA-1095 of May 12th in which you asked for our comments on the United States proposals for control of the export from Western Europe to the USSR and its satellites in Europe of items which would come under List II as compiled by the Consultative Group in Paris on the Control of Exports to Eastern Europe.

2. We note particularly the views of the various United States government agencies on the effect of the United States quantitative control of 1B items. We would be grateful to receive, if possible, the State Department analysis of East-West European Trade mentioned in paragraph 2 of your teletype under reference. With regard to the actual United States proposals as forecast in paragraph 4 of your teletype under reference, the proposal for prior consultation in the Paris Group before particular goods are exported to the USSR and its satellites does not seem to us to be workable. Perhaps the delegates in Paris would agree to dividing the United States 1B list into two parts — (a) highly strategic goods, and (b) other goods on the United States 1B list. Export of the highly strategic goods to the USSR and its

satellites would be prohibited and these items would appear on List I if the delegates in Paris agree. The remainder of the 1B items would be placed on List II.

3. With regard to the treatment of goods listed in List II, we consider that the suggestion of establishing firm quotas for the export of these goods to the USSR and its satellites would not be feasible. We think that the most the European countries participating in the Paris discussions will agree to is a post facto exchange of statistics of exports to the USSR and its satellites of the goods appearing on List II. This, if necessary, could be amplified by policy discussions in the Consultative Group. We, therefore, suggest modifying the United States proposals as summarized in paragraph 4 of your teletype under reference and suggest the following procedure:

(1) the addition to List I as it now stands of the highly strategic items on the United States 1B list, and

(2) the exchange of statistics of exports to the USSR and its satellites of goods appearing on List II which would be compiled as indicated in paragraph 2 above.

4. If this procedure could be agreed upon, and if the returns from the participating countries were accurate and complete, we would then be in a much better position to consider more advanced techniques of export control.

5. (With respect to merchant ships see our Teletype EX-773 of May 9th,† No. 645 to London and No. 180 to Paris. If we cannot get agreement on quantitative control of the export of merchant ships, we should at least press for the prohibition of exports to the USSR and its satellites in Europe of ships under an agreed upon age, and would suggest adding to List I and item "merchant ships under 20 (or 30) years old").

6. On the larger issue of East-West trade in general (paragraph 3 of your Teletype WA-1095) we think the Pentagon view that complete prohibition of all exports to the USSR and its satellites in Europe would be desirable is completely unrealistic. We do not see how we could gain agreement to prohibiting all East-West trade, and in any case some reports from Europe indicate that this trade does not represent a serious accretion to the strategic strength of the East. The position of Germany is particularly important. It is our view that East-West trade will expand with or without the permission of the controlling authorities in Germany. Until the Western governments provide markets in the West for Germany, Germany must seek them elsewhere and the USSR and its satellites are anxious to obtain products of German industry.

This message referred to London and Paris by air bag.

955. DEA/11045-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

DESPATCH 508 Paris, June 28, 1950

SECRET

Sir,

In continuation of previous correspondence on the control of exports to Eastern Europe I have the honour to report that a meeting of the Plenary Body, the so-called Consultative Group, was held on May 31. This was the first meeting to be held since January, when Canada was represented for the first time, and was called to approve reports by the Co-ordinating Committee (a subordinate body that meets regularly) and to discuss questions of policy and procedure which had arisen in the Co-ordinating Committee. We were represented by Mr. Macdonnell, the Minister, assisted by Mr. Kidd and Mr. Stone. M. Hervé Alphand, Head of the Economic Division of the Foreign Ministry, was Chairman.

2. The Minutes have only just become available and in very limited quantities. I enclose one copy in French.† As soon as the English version is produced we will send several copies.

The Minutes are for the most part self-explanatory but the following notes on certain items may be helpful:

(4) It will be observed that no conclusions could be reached during the discussion on general policy. There was a subsequent meeting of Heads of Delegations which is reported later in this despatch.

(9) There was general agreement that Sweden and Switzerland should be given maximum information about the work of the Group. The United States representatives regarded this as a step forward and thought there were grounds for hoping that both countries would model their policies to some extent on those of the Group although they did not wish to join it.

(10) This procedural item represents an attempt by the United States to have the principle recognized that when the Co-ordinating Committee (the junior body) agrees on a recommendation there is no need to suspend action until the Consultative Group meets. European members who are reluctant to impose controls have tended to argue that no decision can be taken or recommendation made between the infrequent meetings of the Consultative Group. This is mere stalling for time and the United States delegation was anxious to remove the excuse.

3. On June 1 there was a meeting restricted to Heads of Delegations to discuss policy, and it cannot be said that any great progress was made. In the Co-ordinating Committee rather important differences of opinion had emerged between those (notably the United States) anxious to restrict the export of a wide range of items

and those (such as the United Kingdom) who preferred to place a more limited number of commodities under restrictive control. The Consultative Group explored the possibility of drafting a statement of policy which, after approval by Governments, would guide the Co-ordinating Committee in its consideration of individual items. But the differences are so deep-rooted that no neat formula is likely to overcome it. At one extreme it is possible to hold that any export which adds to the wealth of the Soviet orbit is dangerous and should be prohibited; at the other extreme it can be argued that control need only be extended to those articles which have a definite military end-use. No-one in this Group takes either extreme position, but differences of opinion are bound to crop up as to where the dividing line should be drawn. For example does road-building machinery, or coal-cutting equipment, contribute to the war potential of the Soviet Union? In our opinion it is difficult if not impossible to devise a general formula that will provide answers to such questions, and the case for or against each item must be argued on its merits.

4. This fact was recognized by the Consultative Group. The French tried their hand at drafting a statement of principle (copies are attached of a rough English version prepared by the French†), but it was generally recognized that this raised at least as many problems as it settled. What, for example, is meant by "a check upon the expansion of the war potential of the Soviet Union"? This can be given widely differing interpretations depending on whether one wants or does not want to sell a particular article to the Soviet orbit.

5. A major part of the meeting was devoted to hearing the United States representative (Mr. Charles Bohlen, United States Minister in Paris) present a case for a broad rather than a narrow measure of control. He urged that the greatest importance must be attached to the Soviet re-armament program which in three or four years' time (if both East and West continued their present rate of arming) would give the U.S.S.R. a vitally dangerous degree of superiority. The North Atlantic powers were engaged in a serious effort to meet this menace by pooling their defence efforts and building up balanced collective forces, and in the view of the United States Government it did not make sense to nullify those efforts by allowing the Soviet Union to strengthen its war potential with imports from the West. A number of United States estimates were presented of the magnitude of the Soviet military effort. 14% of national income was believed to be devoted to direct military purposes, compared with less than 6% (average) for the West including the United States. The Soviet Union was thought to be using twice as much steel for military purposes as the United States and from 8 to 26% more aluminum. There was also very considerable capital investment in war industries.

6. After stressing the magnitude of the Soviet war effort the United States representative went on to remind the Group of the important role played in Soviet industry by imports, from the time of the first Five-Year Plan in 1929 to the present. The United States felt that they were in possession of reliable indications of Soviet shortages through requests put forward at the time of Lend-Lease and through orders placed or submitted since the end of the war. Other useful indications were the items which the Soviet Union had tried to obtain from Western Germany and the reparations taken from Eastern Germany. The United States Government believed it had convincing evidence of the vulnerability of the Soviet war economy

to export controls, and would continue to press for their expansion. Among fields mentioned as important were metal working machinery, non-friction ball bearings, scientific equipment and precision instruments, equipment for the oil and rubber industries, road building machinery and railroad equipment.

7. It was the intention of the United States representative to demonstrate that a serious problem exists, that sacrifices would have to be made all round, that United States policy was based on a careful review of the evidence and not on a mere desire to annoy the Russians, and above all that a resolute policy of international export control can make a real contribution to the military security of the Western world. His case was well put and the other representatives undertook to transmit his views to their Governments. It is to be expected that the subject will be discussed at the next meeting of the Consultative Group which will probably not occur until sometime in the autumn.

I have, etc.
R.M. MACDONNELL
for Ambassador

956. DEA/11045-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

DESPATCH 660 Paris, August 7, 1950

SECRET

EXPORT CONTROLS — PROGRESS OF COORDINATING COMMITTEE WORK

1. On July 31 the Coordinating Committee held its final session for this summer. The Committee will now recess until September 12 when a programme of further work will be drawn up. At the moment the only meetings definitely scheduled are as follows:

September 14 — Merchant shipping;
October 3 — Transit trade (Customs experts).

2. During the last month the Committee has worked to a very arduous time-table. It has completed consideration of all the various sub-committees' reports on the individual items of the United States 1B list, and has recommended each item for inclusion on one of the three International Lists or for no list at all. In addition, the items on International List III as established on May 6 (Document No. 41†) have been reconsidered in order to see whether they could be placed under embargo or quantitative control or be discarded altogether. During this particular stage of the work all the items recommended for inclusion on International List III from the sub-committee reports were reconsidered and a number of changes were made. As a result, many delegates have felt the need for a consolidated report on the ultimate

recommendations reached on all the items on the U.S. 1B list. It is hoped that this report will be ready shortly. We are therefore not sending you for the present individual Coordinating Committee reports on the various categories of the United States 1B list, as we did in the case of the Chemical and Rubber items (Document No. 94† forwarded with our Despatch No. 563 of July 13, 1950†) since they are not in their present form complete and do not set out the situation with any great clarity. If, however, the consolidated report does not appear within a reasonable length of time we shall forward the individual reports. In addition, it is hoped that the Secretariat will shortly produce a report on the consideration of old International List III, and amended International Lists showing all the items recently recommended for inclusion on these lists.

3. The present is perhaps a useful occasion to give you some impressions gained during the recent work of the Committee. In the first place, it has seemed to us that the lines of demarcation in the Committee have tended to become more sharply defined. In the discussion of a large number of the items, the United States, supported by ourselves, Germany and Italy, have been on the side of control, and the United Kingdom and the other European delegates in general against control. Much of the time the smaller European countries (particularly the Scandinavian countries, Belgium and the Netherlands) have looked to the United Kingdom for leadership and have voted almost exactly as the United Kingdom has. While the United Kingdom has admittedly cooperated with the United States on vital items, it nevertheless has led the opposition to control regardless of whether she herself produced the items or not. We have felt for some time now that the United States would have been well advised to have ironed out these differences on control policy with the United Kingdom before a complete discussion on the United States 1B list was held in the Committee, and if indeed this had been done it is more than probable that the present tendency of a division of the Committee into two blocs would not have arisen. The United States delegates here have told us that they share this view and have added that they consider Washington should have concentrated on a relatively small list of important items warranting control rather than proposing the whole of their 1B list for control.

4. Secondly, we have sensed that many of the European delegates feel they are being forced to accept some of these controls. They are not too sympathetic with the broad interpretation placed by the United States on the use of the word "strategic" as applied to a commodity to justify placing it under control, and consider that if this word is not interpreted carefully and the definition narrowed, it would eventually lead to having almost every commodity in trade under some form of control. These European countries are understandably reluctant to injure their economies by having too many controls in existence. This has raised in our minds doubts as to their reliability when they finally agree to placing an item under embargo or quantitative control. In fact the Danish and Norwegian delegates have intimated to us unofficially that if an item on International List I was vital to their economy they would probably disregard the International List and export the item. They consider that in many cases Sweden is exporting the same item anyway and is a far greater leak in the system of export controls than they are. Added to this is the feeling that from their point of view they are having to make far greater sacrifices than the

United States is in implementing the export control policies of the group. The Netherlands and Belgium give us the same impression though they have not been so frank in expressing their opinions. They are more inclined to rely on technical loopholes such as prior commitments or make conditional acceptances. Another point in this general connection that has been mentioned to us is the reliability of the export statistics being submitted to the Committee. In the views of the German delegate, expressed privately to us, he stated that from past experience in European trade he did not place much reliance in some of the statistics being submitted by the European countries. We are not ourselves in a position to comment on this remark.

5. In conclusion we should like to add some comments on Canadian representation at these meetings. The meetings take up a very considerable amount of time and normally run for a day and a half, followed by half a day's rest, with this pattern being repeated week after week. Most delegations have special personnel for these meetings and experts available who can attend when the occasion arises. We, on the other hand, have had to handle this work with personnel from the Embassy. For the first part of this year, this was done completely by the Commercial Secretary's office, but as their staff has declined we have had to split attendance at meetings between a Commercial officer and an External Affairs officer of the Embassy. By employing personnel who have their regular functions at the Embassy to perform in addition to attending these meetings, we naturally cannot hope to compete with the other delegations in contributing to the discussion of the Committee. We have therefore by and large had to limit our role largely to that of an observer and a reporter. In this way we have hoped to keep you informed of the more important aspects of the Coordinating Committee's work and present any particular viewpoint to the Committee of which you have notified us. Much of the time our delegates have attended meetings without any more than the general guide of following the United States line, which in part accounts for the comments of the Danish delegate reported in your Letter No. E796 of July 14†. While this does not particularly enhance our prestige in the Committee, we do not see that much more can be done under the present set-up. For the future it would however be helpful if we could receive a fuller briefing on the Canadian attitude on many of the questions coming up for discussion in the Committee.

6. The question arises, of course, whether there is a sufficient Canadian interest to justify attendance at the meetings. You can answer this better than we can, but we are inclined to think that so long as a control group is in existence it would be a mistake for Canada not to be a member.

R.M. MACDONNELL
for Ambassador

957. DEA/50087-40

Note de la Direction économique pour le chef de la Direction économique

Memorandum from Economic Division to Head, Economic Division

SECRET [Ottawa], August 30, 1950

EXPORT OF MARINE RADAR TO BELGIUM

On June 19th, while you were away, we received a note from Trade and Commerce saying that Canadian Arsenals had received an order for marine radar to be installed in ships being built in Belgian shipyards for Russia. (Radar is on International List I). It was the opinion of Canadian Arsenals that if we did not fill the order the United Kingdom would. In the meantime, Canadian Arsenals informed their agent in Belgium that this export could not be approved under present Canadian regulations.

2. The matter was taken up by our representatives in Paris on the Co-ordinating Committee, who discussed the matter with individual delegations. The United States was firmly opposed to this export. The Belgian representative, who at first said that Belgium would refuse to grant a license for ships equipped with radar for Russia, later informed our representatives in Paris that ships were being built under a Trade Agreement of 1948, and that licenses for their export fully equipped had been issued in that year. The Belgian representative pointed out that the Consultative Committee on Exports to Eastern Europe had accepted that prior commitments under Trade Agreements between Western European countries and Eastern European countries would be absolved from application of the international lists. This made our position more difficult because although we did not have the trade agreement with Russia, it might be embarrassing to refuse an export to Belgium which is a member country of the Paris Committee.

3. A meeting was held in Mr. Couillard's office on July 27th, which was attended by Mr. Campbell, European Division, Mr. George, Defence Liaison, and Mr. Bowen of J.I.B.. It was decided that the best thing to do was to have our Embassy in Paris inform the Belgian representative on the Committee in writing that the export of radar to Soviet-dominated countries was prohibited and that, as we knew that the ten radar sets were eventually destined for the USSR, we presumed that the Belgian representative would not press to have us approve this export. Our representative in Paris was instructed to accompany this written communication with an oral statement to the effect that the Belgians might wish to raise this principle with the Consultative Group, but that Canada would only be satisfied with a specific decision of the Group relieving us of our obligation not to export goods on List I destined for the USSR and Russian-dominated countries. I attach a copy of the letter† which Mr. Kidd in Paris wrote to Mr. Vaes of the Belgian Embassy. The Belgian representative has stated that he would advise his Government not to take up the export of these radar sets to Russia in the Co-ordinating Committee in September.

4. Our representative in Paris has stated that if the question is raised in the Co-ordinating Committee, he assumed that we would wish him to take a neutral atti-

tude and accept the decision of the rest of the Committee.[39] If, however, we want Paris to take any particular stand, they must have our instructions before the middle of September. The United States, I am sure, will strongly support our decision not to approve the export of these radar sets, and suggested at one time that a discussion of this problem might prove useful and would set a precedent for other countries to follow in making decisions on similar export applications.

5. Mr. Campbell of the European Division has suggested that we should discuss, with someone from J.I.B. in attendance, what course of action to recommend in case the matter is brought up before the Co-ordinating Committee by the Belgians. Do you think a meeting is necessary?[40]

M.A. M[ACPHERSON]

958. DEA/50087-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 341 Paris, September 7, 1950

SECRET

Our despatch No. D.661 of August 8th.† Marine radar sets for ships being built in Belgium.

1. Belgian representative has now advised us that Belgian authorities, while fully appreciating arguments advanced in our letter of August 7th† and sharing our concern at taking precautions in the interest of common security, nevertheless consider that the exercise of control by a member of the Paris group over deliveries of strategic materials to another member and the eventual prohibition of exports is a principle that had not been envisaged up to now. Belgian Government considers it desirable to have this question of principle examined by Coordinating Committee or Consultative Group. Belgian representative therefore proposes to raise this point at next meeting of coordinating Committee.

2. Coordinating Committee will meet again on September 14th at which time date for discussion of this problem or perhaps decision to refer it to Consultative Group will be considered. When subject comes up for discussion in Committee we would propose merely to explain reasons for not authorizing export of radar sets to Belgium as already explained to Belgians, and then adopt neutral attitude while particular case and question of principle raised by Belgians are argued by Commit-

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[39] Note marginale:/Marginal note:
I agree with this line. [A.F.W. Plumptre]

[40] Note marginale:/Marginal note:
I doubt that a meeting is needed. I suggest you prepare a draft despatch to Paris confirming the position indicated in para[graph] 4. Then we can circulate a draft to all concerned for approval. If a difference of opinion emerges we can call a meeting. A.F.W.P[lumptre]. Sept 1/50

tee. We would then undertake to refer the views expressed to Ottawa. If you have any further comments on this matter, we should be grateful to receive them soonest. Ends.

959. DEA/11045-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en France

Secretary of State for External Affairs to Ambassador in France

DESPATCH E-1037 Ottawa, September 9, 1950

SECRET

Reference: Your Despatch No. 660 of August 7th, 1950.†

EXPORT CONTROLS — PROGRESS OF COORDINATING COMMITTEE WORK

1. We have been in communication with the Department of Trade and Commerce and the Joint Intelligence Bureau of the Defence Research Board on the subject of the general policy to be followed in the Coordinating Committee on the control of exports to Eastern Europe.

2. A reiteration of our general position on strategic exports from Canada and Western Europe may be useful.

3. First of all, it must be emphasized that our representatives on the Committee will almost always wish to support the United States representatives insofar as the latter's proposals refer to their 1A and 1B lists. Under the Hyde Park Agreement,[41] a wartime system of close cooperation with the United States was developed. Goods, the export of which to all other destinations was controlled by that country, flowed freely into Canada. Our anxiety to maintain such agreement is understandable in view of the close integration of our economy with that of the United States, especially in many of the fields which are concerned with strategic materials and arms. If free movement of strategic materials is to take place within the North American Continent, a closely similar system of controls on exports to other countries must be maintained. Otherwise, one country will act as a back-door for the export of products of the other. Accordingly, the United States lists 1A and 1B are the basic guides in Canadian consideration of what items may be considered strategic and non-strategic.[42]

4. In the light of the present international situation, the Joint Industrial Mobilization Planning Committee is now engaged in reviving the Hyde Park Agreements. Enclosed for your information is a copy of our draft of the proposed statement of principles arrived at by this Committee which has been reviewing the Hyde Park Agreement.[43]

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[41] Voir Canada, *Recueil des traités*, 1941, N° 14./See Canada, *Treaty Series*, 1941, No. 14.

[42] Voir/See United States, Department of State, *FRUS*, 1949, Volume V, Washington: United States Government Printing Office, 1976, pp. 65-66 footnote.

[43] Voir le document 783./See Document 783.

5. Discussion of the contents of lists 1A and 1B between Canada and the United States takes place at periodic meetings between United States officials and ourselves at Ottawa or Washington. Our export control policy is established at these meetings, and lists 1A and 1B represent the result of that determination. Naturally, it must be the responsibility of the United States authorities to take the lead in presenting these lists for acceptance to Western European countries. Any comments which we may have to make concerning their effect on our supply position will generally be made on this side of the Atlantic.

6. Nevertheless, it is desirable for Canadian representatives to continue in attendance at the meetings of the Coordinating Committee. In the first place, we may wish to give whatever support is feasible to the United States representations. Secondly, we have a similar interest to that of the United States in actively persuading other Western European countries to accept as much as possible of lists 1A and 1B and to enforce the controls adequately in order to restrict as far as possible the flow of strategically valuable supplies out of Western Europe. Thirdly, we have an interest in bringing Sweden and Switzerland into cooperation, if possible.

7. We shall continue to supply you from time to time with comments on problems coming constantly to our attention and to that of the Department of Trade and Commerce. In the near future we shall transmit to you a report on discussions with the United States authorities which are taking place in Ottawa on or about the 14th of this month. The International Lists will then be reviewed in relation to the restrictions imposed by the United States and Canada.

8. We concur, therefore, in your view that it is important for a Canadian representative to continue to attend the meetings of the Committee, but in view of the extremely close integration of our export policy for strategic materials with that of the United States, the role of our representative will be limited.

A.F.W. PLUMPTRE
for Secretary of State
for External Affairs

960. DEA/11045-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en France

Secretary of State for External Affairs to Ambassador in France

DESPATCH E-1165 Ottawa, September 26, 1950

SECRET

Reference: Our Despatch E-1037 of September 9, 1950.

EXPORT CONTROLS — WORK OF COORDINATING COMMITTEE

On the 14th and 15th September, talks were held between United States and Canadian officials on the subject of controls on exports from the two countries.

While we will be forwarding a fuller résumé of the discussions that took place, it may be of use to you to have some impressions of that part of the meeting in which the operation of the Coordinating Committee and Consultative Group was considered.

2. The United States delegation consisted of:

Mr. Karl Anderson, Director, British Commonwealth Division, O.I.T.
Mr. Mishell George, Chief, Liaison and Analysis Section, O.I.C.
Mr. Robert Wright, Assistant Chief, Economic Resources, State Department.

3. The United States officials, in discussing export controls in Western Europe, expressed dissatisfaction with the effectiveness of present controls over items on International List II. They are apparently intending to continue pressure in the Committee. The impression in the United States was that the European participants could not have had access to the fuller intelligence reports on the USSR and Eastern Europe which the United States possessed. They therefore contemplated bringing their information to the attention of the Committee in order to impress upon Western European countries the fact that the USSR had in effect a wartime economy, and that materials harmless in peacetime have now become strategic.

4. The United States did not wish to insist on an absolute embargo of materials on the 1B list, although that was virtually their own policy, but they did wish to see a reduction of strategic exports on that list from Western Europe to about 50% on the basis of a 1947 base period, or a similar arrangement. They were not emphasizing the necessity for formal controls, but wanted to be sure controls were effective.

5. When the United States representatives were asked what their attitude was in the face of the argument of many countries that the restrictions would weaken traditional "East-West" trade, they replied that their probable future argument would be that the end to be achieved was not to cut off or weaken trade, but to be assured that, strategically speaking, the balance of trade should be in favour of the West — that the question should be "Who gets stronger faster?"

6. We referred to the argument expressed in your Despatch D.660 of August 7th that the Canadian representatives on the Committee felt able to play only a limited role and had to be guided largely by the United States lead. The reaction to this was quite definite. The United States representatives had always heard good reports from other delegations concerning Canadian participation on the Committee, and it was felt that Canada had much to contribute (especially in facilitating compromise) in expressing helpful opinions on policy and procedure. They also invited us to forward any criticisms or suggestions to them through our Embassy in Washington.

7. The United States representatives did give the impression, however, that they felt no compromise could be made on the inclusion of strategic materials on the lists, and seemed to be surprised that any country should attempt to bargain or compromise in a field where "discipline" was so much needed, and where a sense of urgency seemed to be lacking at the present. Here, too, they considered that a release of intelligence would be effective.

8. We asked the United States representatives about the possibility of persuading the participating countries to effect stringent controls when Sweden and Switzerland remained outside the system as "back doors" for the export or trans-shipment

of strategic materials to Eastern Europe. They replied that Sweden was not considered a very serious "leak". The United States was pleased with their export controls: the Swedes gave information freely, and were prepared to cooperate. Switzerland, however, was a bad "leak", but it was hoped that when agreement had been arrived at on the International Lists by the participating countries, the latter would be in a better position to persuade Sweden and Switzerland to adopt similar measures. In the meantime, the United States was closely watching all exports to Switzerland, and contemplated requiring a declaration as to the end use of the product. They contemplate suggesting this procedure to the Co-ordinating Committee for use by the members as a technique to avoid the leak.

9. The problem of trans-shipment in the Free Ports was considered. The United States had found it impossible to screen shipments to these ports to prevent re-export and diversion, either in the United States or by their Foreign Service in the country concerned. They were therefore considering a way in which the authorities of the Free Port would be able to prevent goods going astray. The proposal is that the bill of lading and the Ship's Manifest be endorsed when a strategic shipment is made, so that an attempt to divert or re-export would be immediately perceived. The country of the Free Port in question could then inform the source country at once of the proposed diversion or trans-shipment.

10. As a result of a recent rapid extension of the United States Positive List to new groups of commodities, Canadian control had fallen somewhat out of line. The divergences were discussed in detail with a view to extending the Canadian list to cover the export of commodities added to the United States list. This action on our part will make it unnecessary for the United States to require firms to obtain licenses to export to Canada.

11. We trust that this resumé will be useful to you as an indication of future United States policy in the Coordinating Committee. We shall forward to you as soon as they are available detailed reports on the meeting.

A.F.W. PLUMPTRE
for Secretary of State
for External Affairs

961. DEA/50087-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

DESPATCH 960 Paris, October 10, 1950

SECRET
Reference: Our Despatch No. 823 of September 14, 1950.†

EXPORT OF RADAR EQUIPMENT TO BELGIUM

1. The Belgian request that Canada supply radar sets for ships destined to the U.S.S.R. was discussed in the Coordinating Committee on October 6. Correspondence on this subject between the Belgian delegate and Mr. Kidd had previously been tabled; copies are enclosed for your information.†

2. While the Committee could not, of course, agree on an unanimous recommendation, the majority of the members considered that Canada's refusal was in accord with the general agreement on strategic controls, and that the Belgian authorities were not justified in pressing for the licensing of these sets.

3. The following comments were expressed by delegates, most of whom had received the views of their governments on this question:

Denmark supported the Belgian viewpoint.

France considered that the Belgian thesis, i.e. that no participating country should control exports of strategic materials to another participating country, was not correct. It was also pointed out that the Belgian firm could obtain its release from any contract to supply ships fully equipped with radar, by pleading the non-availability of this equipment.

Germany stated that the problem should be considered from a practical standpoint and was of the opinion that as export controls were designed to prevent such trade, the Canadian attitude was quite correct. The delegate was of the opinion, however, that should Belgium find herself penalized by her inability to deliver this equipment, the Coordinating Committee could recommend that Canada supply these sets, a recommendation which the German Government felt that Canada should accept.

Italy supported the Canadian views.

The Netherlands delegate stated that, while the responsibility of ensuring that strategic materials reached no prohibited destination rested with the exporting country, the entry of any such material into the economy of another participating country transferred this responsibility to the importing country. Consequently, it was the privilege of Belgium to decide in this case whether the radar sets should be sent to Russia.

Norway considered that the Canadian government had the right to refuse or to accept this order, as a sovereign power.

The U.K. delegate stated that the Belgian Government was, in effect, arguing that the Belgian contract to deliver this equipment was binding on other participating countries a principle which was not acceptable to the U.K.

The U.S. stated that they would deny this license for sets of U.S. manufacture. The delegate expressed his surprise at the German statement that the Co-ordinating Committee could ask a member to export strategic materials. In his opinion, the terms of reference of the Committee were confined to the prohibition of certain trade, and that no government was obligated to consider a recommendation to export any commodity.

4. It will be noted from the foregoing that with the exception of Denmark and the Netherlands, the Committee was in agreement with our stand on this question.

5. It is quite possible that Belgium may bring up this subject again in the Coordinating Committee, basing their case on the results of non-delivery of these ships fully equipped. The Belgian delegate informs us that the trade agreement in question has been very important and profitable to Belgium, and that every effort will be made to honour it fully.

R.M. MACDONNELL
for Ambassador

962. DEA/11045-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

DESPATCH 1176 Paris, December 1, 1950

SECRET

Reference: Our despatch No. 1123 of November 18, 1950.†

EXPORT CONTROLS — MEETING OF CONSULTATIVE GROUP

1. The meeting of the Consultative Group took place in Paris on November 29, and completed all the business on its agenda in one day. The minutes† of this meeting will be forwarded to you as soon as they are received (which may not be for some time) but in the meantime we thought you might like to receive a summary report of the principal results of this meeting.

2. The main results of the meeting may be conveniently summarized under the following headings:

1. *London Tri-partite Talks*

The United Kingdom delegate made a statement on behalf of the Governments of France, United Kingdom and United States on the results of the recent tri-partite talks held in London and of which you have been informed in outline through the United Kingdom High Commissioner in Ottawa (your telegram No. 442 of November 28, 1950†). The study undertaken in London by the three governments has resulted in agreement being reached by them on a division into three classes of export controls over certain key items in industries contributing to war potentials. This has, as you are aware, been made as follows: 1) goods, the export of which to the Soviet Bloc should be prohibited; 2) goods, the export of which to the Soviet Bloc should be quantitatively restricted; 3) goods, regarding which there should be an exchange of information on exports made to the Soviet Bloc. The details of these lists which include additions and modifications to the present International Lists I and II, and the principles on which the quantitative controls should be operated and the exchange of information conducted are covered in Coordinating Committee Document No. 207,† three copies of which are enclosed with this despatch. In addition three copies of a document† listing the criteria used in establishing

these lists are enclosed. It is the proposal of the Governments of France, U.K. and U.S. that these new lists of items should be accepted by the member countries of the Paris Group.

Little comment was possible on these proposals at the present meeting of the Consultative Group. The United States delegate indicated that these lists providing for additional controls would be considered by his Government as reasonably final, except for modifications shown to be necessary by experience. Some European delegates mentioned the need for time to study these proposals and this was agreed upon by the Group although the three powers presenting the proposals stressed the urgency of having the additional controls put into effect at the earliest possible date. As a result, the Consultative Group agreed to recommend that all member countries should give an indication of their attitude towards these proposals before Christmas with a view to holding a further meeting of the Consultative Group early in January. At that meeting, it is hoped that the proposals can be discussed in detail, and it will be necessary for us to know whether there are any items which you are not prepared to accept. Your general views on these proposals would therefore be appreciated as soon as possible and subsequently your detailed comments on the desirability of placing the individual items under the revised classes of control.

2. *Transit Trade*

The U.S. proposed that the technical sub-committees which will be meeting on December 3 should re-examine the whole system of controls. It was agreed that the terms of reference of the technical sub-committees and the Cordinating Committees should be broadened to permit a complete study of the whole field of techniques of control to be made.

3. *Trade Agreements*

After a general discussion of this subject, it was agreed to recommend to governments that information both as to the results of bilateral trade negotiations with the Soviet bloc as well as any other information obtained during the course of discussions, should be passed to the Consultative Group or the Coordinating Committee. It was felt that such information would assist the Committee in assessing the demand from the Soviet bloc for particular items. We supported this proposal while making clear that Canada did not enter into commodity agreements with the Soviet bloc.

4. *Black Lists*

The proposal to institute black lists of firms attempting to defeat the purpose of strategic controls was not accepted, as the U.S. were not prepared to vote for this recommendation. It was decided that this subject would be discussed again after the re-examination of control techniques referred to in point 2.

5. *Cooperation by Non-member Countries*

The French delegate reported that Switzerland had been approached by a representative of the Consultative Group and had been asked to embargo exports of strategic materials produced in Switzerland and institute control over trans-shipment and re-export of strategic materials originating in member countries. While no offi-

cial response had been given the Swiss spokesman stated that the whole subject was under study by the Swiss Government and that he felt that control over transshipment and diversion of critical materials could soon be established. It was agreed that a representative of the Consultative Group should approach the Swedish Government with a similar request.

The advisability of inviting other countries, in particular Greece, Turkey and Portugal, to join in the work of the Paris Group will be studied by the Coordinating Committee. This study will be conducted with the aim of considering the value of participation by any of these countries in the light of the volume of their trade with Soviet bloc countries. Some representatives had doubts about the value.

6. *Secrecy*

It was agreed that the secret status of the work being done by the Paris Group should be retained and that no statements regarding this work should be given to the press.

7. *Future Work of Coordinating Committee*

The Chairman of the Coordinating Committee made a statement in which he indicated that in his view the mandate of the Coordinating Committee had been considerably enlarged by the tri-partite proposals and the U.S. proposals on transit trade. For this reason, he felt that a number of points would require re-examination, particularly the rule of unanimity in the Coordinating Committee, the status of national representation, the national contributions for the support of the Secretariat and the increase that would probably be necessary in the staff of the Secretariat. While no final decision was taken on any of these points, it was generally agreed that it was desirable for the member countries to have at least one permanent representative available for the work of the Coordinating Committee, and that a Committee appointed by the Chairman of the Consultative Group and to include representatives of one or two of the member countries selected by him should consider the question of any increase in the Secretariat of the Coordinating Committee. (The question of a Canadian contribution towards the support of the Secretariat is the subject of a separate communication†).

8. *Belgian Proposal Regarding Trade Dislocations Resulting From Export Controls*

The Belgian delegate proposed that the Coordinating Committee should be empowered to study the impact of trade dislocations and shortages of materials which might result from the application of export controls on strategic materials. Although some delegates, notably the Danes, the U.S. and ourselves raised a word of caution on the danger of over-lapping work being performed by similar studies conducted on this subject by such bodies as O.E.E.C. and N.A.T.O., it was agreed that such a study might be undertaken at the request of a member country if a significant degree of economic dislocation could be demonstrated. We interpret this as simply an opportunity for any country that feels it can demonstrate economic hardship to bring the point up for discussion with other participating countries.

9. *Early Action Required*

Of all the points covered in the meeting the only one requiring early action is the tri-partite proposal on lists mentioned in Section 1 of this despatch. We would assume that you would in general be prepared to accept the lists which will be enforced by the United States, especially when the United Kingdom and France have agreed to them. In the interest of bringing along the more hesitant European members of the Group it would be helpful if we could give support to the lists as they stand. In any event we are most anxious to transmit a statement of the Canadian attitude to the Secretariat before Christmas.

R.M. MACDONNELL
for Ambassador

963. DEA/11045-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en France

Secretary of State for External Affairs to Ambassador in France

TELEGRAM 476 Ottawa, December 20, 1950

SECRET

Reference your despatch No. 1175 of December 1, 1950. Export controls.

Tri-partite lists No. 1, 2, and 3 are acceptable to us.

2. Has the Belgian representative offered any explanation as yet regarding the recent Trade Agreement between Belgium and the U.S.S.R., the subject of our despatch No. E1514 of December 1?† We would be interested to know what he has to say when Item 3 is discussed in the Committee if an explanation has not been given before then.

3. We have been informed that Switzerland has recently made provision for import and export controls on certain strategic materials. These controls should decrease the danger of trans-shipment, and we welcome this evidence of co-operation by the Swiss Government. Greece, Turkey, and Portugal do not offer any serious problems as far as Canada is concerned as we have very little, if any, strategic material moving through their ports.

4. We consider that problems relating to dislocation of trade resulting from export controls could be dealt with more efficiently in other international bodies such as OEEC or NATO. This is a matter of concern largely to the European countries themselves and we share the view that should the Co-ordinating Committee attempt to handle these problems, there might be considerable over-lapping.

SECTION E

IMMIGRATION

964. PCO

Note du ministre de la Citoyenneté et de l'Immigration pour le Cabinet

Memorandum from Minister of Citizenship and Immigration to Cabinet

CABINET DOCUMENT NO. 145-50 [Ottawa], May 17, 1950

CONFIDENTIAL

LOANS TO IMMIGRANTS

1. There has been a substantial decrease in immigration to Canada since 1948. Under existing conditions it is estimated that the total immigration in 1950 will not exceed 60,000. The main factor in the situation has been the inability of immigrants to transfer their capital to Canada.

2. It is recommended that the Interdepartmental Committee on External Trade Policy in collaboration with the officials of the Department of Citizenship and Immigration be directed to study the possibility of providing loans to selected immigrants on the security of their frozen assets abroad, or under alternative conditions, the recommendations of the Committee to be submitted to the Cabinet for consideration.

3. As there is a serious shortage of female domestics and nurses' aids in Canada and the supply of domestics in the "displaced person" category in Europe is about exhausted, it is evident that some other sources of supply must be found and some assistance furnished if the movement is to continue. As the chief obstacle to securing this class of immigrant is the lack of funds in the possession of immigrants in the United Kingdom and continental Europe, it is recommended that consideration be given to providing loans to such immigrants to cover the cost of transportation from port of embarkation in Europe to distribution centre in Canada on a refundable basis, details to be worked out by the officials of the Departments of Citizenship and Immigration and Labour.[44]

W.E. HARRIS

[44] Approuvé par le Cabinet, le 18 mai, 1950./Approved by Cabinet, May 18, 1950.

965. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], May 23, 1950

. . .

IMMIGRATION REGULATIONS; ADMISSIBLE CLASSES

6. *The Minister of Citizenship and Immigration* submitted a draft Order in Council to liberalize present immigration policy so as to allow admission, under the regulations, of other persons than those in the special classes of agricultural workers, near relatives and fiancés. Any person other than one of Asiatic race who met, to the satisfaction of the Minister, certain requirements relating to suitability and capacity to be integrated into the Canadian community, as set forth in Section 38 of the Immigration Act, would be admitted. Immigration had been falling steadily and it appeared that only 60,000 immigrants would enter this year as compared to the 93,000 of last year. Australia, on the other hand, had last year admitted 167,000 persons. While there were certain factors that made the Australian situation different, it was hoped that the new policy would halt the downward trend in Canada.

(Minister's memorandum, May 17, 1950 — Cab. Doc. 144A-50)†

7. *The Minister of Agriculture* felt that the present Canadian situation did not permit large scale immigration of agricultural workers and that immigration should come from other groups.

8. *The Cabinet*, after further discussion, approved the proposals of the Minister of Citizenship and Immigration for amending the regulations governing admissible classes of immigrants, subject to certain minor changes; an Order in Council to be passed accordingly.

. . .

966. PCO

Note du ministre de la Citoyenneté et de l'Immigration pour le Cabinet

Memorandum from Minister of Citizenship and Immigration to Cabinet

CABINET DOCUMENT NO. 174-50 [Ottawa], June 23, 1950

CONFIDENTIAL

ADMINISTRATION OF ORDER-IN-COUNCIL P.C. 2856

1. By the enactment of Order-in-Council P.C. 2856, dated 9th June, 1950, approval was given to certain proposals designed to give effect to the expressed policy of the Government to foster the growth of the population of Canada by insuring the careful selection of as large a number of immigrants as can advanta-

geously be absorbed in the national economy, without making a fundamental alteration in the character of the population.

2. The implementation of the policy enunciated in the foregoing paragraph concerns directly or indirectly several departments of the government as immigration affects areas of administration placed under their individual or joint responsibility.

3. Prior to the creation of the Department of Citizenship and Immigration, immigration policy questions were submitted for decision through the Cabinet Immigration Committee. At a lower level, some questions of practical application were considered by the Interdepartmental Immigration-Labour Committee.

4. It is now proposed to establish an interdepartmental committee to report to the Minister of Citizenship and Immigration on problems of immigration policy and to provide for the effective coordination of the activities of departments concerned with the implementation of such policy. This committee would be composed of the deputy ministers of Agriculture, Citizenship and Immigration, External Affairs, Finance, Labour, National Health and Welfare, Trade and Commerce and of a representative of The Privy Council Secretariat, or their representatives.

5. Order-in-Council P.C. 2856 does not affect the conditions governing the admission of British subjects, citizens of the United States and native citizens of France. They remain admissible as heretofore, subject only to complying with civil and medical requirements and being able to support themselves until they have found gainful employment.

6. Under the provisions of Order-in-Council P.C. 2856 all other immigrants, with the exception of Asiatics, who are excluded under Order-in-Council P.C. 2115, dated 16th September, 1930, must satisfy the Minister of Citizenship and Immigration, whose decision shall be final, that:

(a) they are suitable immigrants having regard to the climatic, social, educational, industrial, labour or other conditions or requirements of Canada; and

(b) they are not undesirable owing to their peculiar customs, habits, mode of life, methods of holding property, or because of their probable inability to become readily adapted or integrated into the life of the Canadian community and to assume the duties of Canadian citizenship within a reasonable time after their entry.

7. At the operational level, it is expedient that the Minister should have in the exercise of his power of decision the assistance of a departmental advisory committee composed of his deputy minister and senior officials of the Immigration Branch. This committee should have the power to seek the advice and assistance of specialists from departments of the federal and provincial governments, the representatives of national or provincial organizations, professional associations, labour unions, manufacturers associations, representatives of educational institutions and of such other persons or organized bodies from whom it may deem it expedient to seek advice.

8. In cooperation with the department of Labour and the Unemployment Insurance Commission, it is planned to assess as far in advance as possible the prospective requirements of the Canadian labour market in order to encourage the

admission of certain occupational classes for whose services there is an actual need.

9. To achieve effective selection of desirable immigrants abroad, the department of Labour have agreed to the request of the Immigration Branch to train a number of Immigration Officers in the National Employment Service offices across Canada.

10. The Settlement Service of the Immigration Branch will pursue actively its programme of selection overseas and continue to develop in Canada settlement opportunities for trained agriculturists, skilled artisans and small businessmen who wish to establish themselves as independent producers in rural areas. Pending the solution of the exchange problem the Settlement Service is the most effective instrument for the implementation of the policy of the Government as defined in paragraph 1. A substantial number of desirable immigrants who would find it impossible to come to Canada owing to financial difficulties are now able to come forward as the result of the activity of this Service.

11. It is intended to pursue, in cooperation with the provincial Governments surveys already in progress to determine the possibilities for the establishment of immigrants in their respective provinces.

12. In consultation with the departments of the federal and provincial governments it is proposed to encourage and facilitate the establishment of immigrants capable of contributing to the development of Canada's natural resources and of providing employment for Canadian citizens.

13. Beginning with the effective date of Order-in-Council P.C. 2856, July 1st, 1950, and until further notice, it is proposed to admit the following classes:

I. *Without Reference to the Departmental Advisory Committee on Immigration*

(a) British subjects, citizens of the United States and citizens of France, as defined in Order-in-Council P.C. 2856;

(b) relatives sponsored by legal residents of Canada in cases where satisfactory settlement conditions are established, such conditions to include good prospects of employment for persons other than dependent relatives;

(c) persons applying for admission to Canada for the purpose of marrying a legal resident thereof, provided the prospective husband is able to maintain his intended wife;

(d) agriculturists who have sufficient means to farm in Canada;

(e) immigrants individually nominated by employers in Canada who establish that their services are required; provided that the number of immigrants nominated by an employer in any one group application does not exceed 25;

(f) domestics and nurses' aides;

(g) immigrants recommended by the Settlement Service of the Immigration Branch.

II. *After Reference to the Departmental Advisory Committee on Immigration*

(h) immigrants bringing capital to Canada for the purpose of establishing an industry or business;

(i) immigrants coming to Canada as artisans or small businessmen for the purpose of establishing themselves in rural areas;

(j) members of professional classes and other intellectuals who are deemed capable of making a significant contribution to the economic or cultural life of Canada;

(k) group movements other than those defined in paragraph 13 (I.e);

(l) immigrants deemed to be desirable and suitable in accordance with the true intent of the Regulations enacted by Order-in-Council P.C. 2856.

14. It is proposed that the Immigration Branch continue to recommend the admission by Order-in-Council of Asiatics, other than those referred to in Order-in-Council P.C. 2115, in accordance with existing directives from Cabinet, as follows:

(a) the unmarried children of Canadian citizens of Chinese racial origin, who are otherwise admissible, if such children are over 18 years of age but have not yet reached their nineteenth birthday, and if such a child or children would be the last member or members of the family remaining in China;

(b) a widowed mother who, having previously resided in Canada, returned to China for permanent residence, if all her children are residents of Canada;

(c) the wife and unmarried children under 18 years of age of a Canadian resident of Chinese racial origin, if he applied for naturalization prior to December 31st, 1949, and if he is of good character and there is no likelihood that his application will be denied. A further condition is that the applicant's family must have gone to Hong Kong prior to December 1st, 1949;

(d) the proposed wife or husband of a Canadian citizen of East Indian racial origin, provided the prospective husband can give evidence that he is able to support his intended wife;

(e) the sons of Canadian citizens of East Indian racial origin who had passed their eighteenth birthday on December 7th, 1941, but who were prevented from coming to Canada because of the war; provided such sons are single and the application for their admission was made before December 7th, 1941;

(f) the sons of Canadian citizens of East Indian racial origin in the following two groups (and, if married with their wives and children) who were under 18 years of age on the 1st September, 1939;

(i) the sons of 210 East Indians who were registered in 1939 and were given permanent status in August, 1947, and who are now resident in Canada;

(ii) the sons of other East Indians who had been legally admitted and who are now Canadian citizens residing in Canada;

(g) persons of Armenian, Lebanese or Syrian racial origin who are close relatives, i.e.

the husband or wife;
the son, daughter, brother or sister together with husband or wife and unmarried children;
the father or mother;
the orphan nephew or niece under 21 years of age;
fiancé(e)s, as defined in paragraph 13 (I.c)

of legal residents of Canada who are in a position to receive and care for such relatives.

15. All applications other than those referred to in this Memorandum will be submitted to the "departmental advisory committee on immigration" for consideration and recommendation.

16. It is recommended that Cabinet indicate its approval of:

(a) the general proposals submitted by this Memorandum;

(b) the creation of an *Interdepartmental Advisory Committee on Immigration* to report to the Minister of Citizenship and Immigration on problems of immigration policy and to provide for the effective co-ordination of the activities of the departments of Government concerned with the implementation of such policy; the said Committee to be composed of the deputy ministers of Agriculture, Citizenship and Immigration, External Affairs, Finance, Labour, National Health and Welfare, Trade and Commerce and of a representative of the Privy Council Secretariat, or their representatives, the deputy minister of Immigration and Citizenship to be the Chairman of the said Committee; and

(c) *the creation of a Departmental Advisory Committee on Immigration* to advise and assist the Minister of Immigration and Citizenship with respect to the administration of the Immigration Act and Regulations, applications for admission to Canada, certified cases submitted for review, appeal cases and such other matters as may be referred to it by the Minister; the said Committee to be composed of the deputy minister of Citizenship and Immigration and senior officials of the Immigration Branch, with authority to call upon representatives of departments of the federal and provincial Governments, national or provincial organizations or associations or other organized bodies and such persons as the deputy minister of Citizenship and Immigration may designate from time to time, and to pay, as may be required, the cost of transportation and living expenses incurred by such persons to attend the meetings of the said Committee in a consultative capacity.[45]

W.E. HARRIS

[45] Lors de sa réunion du 27 juin 1950, le Cabinet a approuvé la création d'un comité interministériel et d'un comité consultatif ministériel.
At its meeting on June 27, 1950, Cabinet approved the creation of an interdepartmental committee and a departmental advisory committee.

967. PCO

Note du secrétaire du Cabinet pour le Cabinet

Memorandum from Secretary to Cabinet to Cabinet

CABINET DOCUMENT NO. 177-70 [Ottawa], July 3, 1950

FINANCIAL ASSISTANCE TO IMMIGRANTS

1. On May 18 the Cabinet directed the Interdepartmental Committee on External Trade Policy to examine proposals for providing financial assistance to immigrants. The Committee has considered a number of possibilities.

2. Since the matter was last before the Cabinet, the U.K. government has announced a slight relaxation in transfers of funds by U.K. immigrants. Hitherto it has been provided that an immigrant could transfer a total of £1,000 in four annual instalments of £250 each. In cases of need, the entire £1,000 can now be transferred immediately. This measure should assist emigrants considerably and renders unnecessary a proposal the Committee considered for advances by the Canadian government of the total transferable instalments immediately on the arrival of U.K. immigrants.

3. The Committee recommends that the following measures might be considered favourably:

(a) *Increase in Transferable Funds*

The Committee considered it might be desirable to approach the U.K. government to investigate the possibility of having the total of transferable funds raised from £1,000 to £2,000. Similar enquiries might be made of other European governments to see if the limits of transfer could be raised.

(b) *Guarantees of Loans Against Funds Made Transferable Under Special Agreements*

It might be possible to reach agreements with the United Kingdom and foreign governments under which they would make more than the basic amount of funds transferable if the transfer were to take place over a fairly lengthy period of years. If so, the Committee felt that the government might consider a system by which it would give guarantees to commercial banks of the transfer of such funds and against exchange risks. On the basis of such guarantees the banks would be encouraged to make loans to immigrants on arrival in Canada to assist in their establishment or to enable investment in business, etc. The details would have to be worked out by the Departments of Finance, Citizenship and Immigration, and External Affairs if approval in principle were given.

The Committee were of the view that no loans should be made or guaranteed in the absence of definite agreements by foreign governments to allow the transfer of funds within a specified period, i.e. — no loans against frozen funds.

(c) *"Buying in" Under Social Security Provisions*

The Committee considered it would be desirable to investigate two possibilities:

(i) Of establishing rates at which immigrants might "buy in" to unemployment insurance benefits, and possibly family allowances, immediately on arrival. If these could be worked out foreign governments might allow additional funds to be transferred to cover such "buying in", or possibly might enable payments into their own social security schemes to be withdrawn to the amount required for "buying in" in Canada.

(ii) Of working out reciprocal arrangements under which persons in good standing under social security schemes would be accepted in good standing on movement from another country to Canada, or from Canada to the other country. Arrangements along these lines have been worked out between the United Kingdom and Australia and New Zealand and appear to be helpful. Exchange difficulties will be a problem but something may be possible.

(d) *Off-season Trans-Atlantic Fares*

Vessels have been arriving in Canada at off-seasons during the past year or so with less than full passenger lists. Fares are somewhat, but not substantially, reduced in off-seasons. The Committee considered it would be worth discussing with passenger lines the possibility of having sharper cuts in fares in off-seasons if larger passenger movement might result.

4. The Committee are investigating the desirability of relaxing present provisions concerning the customs-free entry of immigrants' effects.

5. The Committee did not favour a proposal that the government advance fares to female immigrants willing to enter service as domestics. It was felt that an obligation to stay in such service for a certain period, amounting to an indenture, would cause difficulty and criticism. The Committee felt there would be no objection to encouraging non-governmental agencies to enter into such arrangements if any were willing to do so.

6. If the Cabinet approve the proposals set forth in paragraph 3 they might wish to authorize the Department of Citizenship and Immigration, in conjunction with other interested departments, to take such steps as may be necessary with a view to putting them into effect.[46]

N.A. ROBERTSON

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[46] Lors de sa réunion du 5 juillet 1950, le Cabinet a autorisé les ministères intéressés à prendre des mesures en fonction des directives indiquées, étant entendu qu'aucun programme de prêts ou puisant dans les ressources vouées à la sécurité sociale ne serait mis en oeuvre sans autre étude par le Cabinet.

At its July 5, 1950 meeting, Cabinet authorized the interested departments to take action along the lines indicated on the understanding that no programs concerning loans or "buying into" social security provisions would be undertaken without further consideration by Cabinet.

968. DEA/232-AJ-40

Note du sous-secrétaire d'État suppléant aux Affaires extérieures pour le chef de la Direction des affaires consulaires

Memorandum from Deputy Under-Secretary of State for External Affairs to Head, Consular Division

[Ottawa], September 14, 1950

CANADIAN IMMIGRATION ACTIVITIES IN THE UNITED KINGDOM AND WESTERN EUROPE

Colonel Fortier, the Deputy Minister of Citizenship and Immigration, telephoned me this morning to say that his Department is sending the Director of Immigration, Mr. Smith, to Europe for a six-weeks' visit in order to stimulate the drive for immigration to Canada. He will be leaving on September 21 and will be visiting the United Kingdom, France, Belgium, Switzerland, the Netherlands and Denmark.

2. Colonel Fortier made two requests.

3. The first is that we should inform Canada House and the Embassy in Paris that Mr. Smith is authorized to discuss immigration matters with the U.K. and French Governments, and, in particular, the problem of currency regulations on immigration. Colonel Fortier said that discussions on this matter were started some time ago by us with the United Kingdom and French Governments and that some reply has been received from Paris but none from London.

4. The second request was that, during the next few months in our information activities in the United Kingdom and these Western European countries, we should give priority to information activities directly related to stimulating immigration to Canada.

5. Colonel Fortier said that he would confirm this conversation by letter today, which I will send to the Consular Division for disposition and consultation with the Economic, Information and European Divisions. I suggested to Colonel Fortier that it might be useful if we were to arrange a meeting in the Department at which Mr. Smith would discuss these problems with representatives of the divisions concerned. If you agree with this suggestion, would you be good enough to arrange a meeting.

6. Colonel Fortier is naturally anxious to stimulate the flow of immigration immediately so that the immigrants can come across the Atlantic during the off-season when more accommodation is available. I think we should do everything we can to assist him in this objective.

E. R[EID]

969. DEA/5127-H-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

DESPATCH 2376 London, October 6, 1950

RESTRICTED

Reference: Your telegram 1389 of September 20, 1950.†

IMMIGRATION

I had the opportunity of meeting Messrs. Smith and Benoit[47] on September 26th prior to my departure for Torquay. We discussed in detail the assistance which you requested I should give, namely on the subjects of contacts with United Kingdom authorities and with steamship and travel organizations, publicity and office accommodation.

2. On the first point, it was agreed that it would be useful if Mr. Smith and Mr. Benoit saw Sir Cecil Syers.[48] Arrangements were made for an appointment to be fixed at the convenience of the Canadian officials concerned.

3. On the second point of contacts with the North Atlantic passenger steamship conference, I advised these officials that the matter of "off-season" reductions and reservations was being considered by the liner conference in Paris and that though they were free to see Patteson[49] of the C.P.R. (who is chairman of the liner conference this year), and indeed any one else, the question had been put up fully to the Conference but we were not sanguine as to the outcome because tourist classes both ways were filled to capacity. In my opinion, the only way to get a reduction of shipping costs and additional spaces would be by taking advantage of a ship such as the *Aorangi* which is coming off the Canada-Australasian Line, or indeed the *Georgic* which is reported to have sailed from New York with only 87 of its 1600 passengers. Such a ship, converted for student travel eastwards and emigrant travel westwards, with financial assistance by the Canadian Government, might be a specific attraction to that class of migrant who has not much money.

4. On the question of publicity, it was agreed at the meeting that a vast publicity campaign would be wasteful. After the meeting Mr. Campbell Moodie[50] had long

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[47] G.R. Benoît, adjoint du directeur de l'immigration.
G.R. Benoit, Assistant to Director of Immigration.

[48] Sir Cecil Syers, sous-secrétaire d'État adjoint des Relations du Commonwealth du Royaume-Uni.
Sir Cecil Syers, Deputy Under-Secretary of State for Commonwealth Relations, United Kingdom.

[49] John C. Patteson, directeur général pour l'Europe du Canadien pacifique.
John C. Patteson, European General Manager, Canadian Pacific Railway Company.

[50] Campbell Moodie, agent d'information, haut-commissariat au Royaume-Uni.
Campbell Moodie, Information Officer, High Commission in United Kingdom.

talks with these officials on the possibility of developing publicity as outlined in your telegram under reference.

5. As for office accommodation, it was doubtful whether Piccadilly would be a useful centre. Indeed, Sackville House does not seem very suitable. The general area which might be better suited would be in the Trafalgar Square—Pall Mall area because of the close proximity of shipping agencies and of two Canadian banks.

6. But the problem which proved more intractable was that of the approach which should be made to the United Kingdom authorities. At the meeting, I expressed the view that it was not a "starter" to ask the United Kingdom authorities to increase the limit of exportable funds allowed to U.K. emigrants from £1000 to £2000. After the informal approach we had already made, as reported in my despatch No. 2108† I did not think it wise to raise this issue informally again or, certainly, to raise it formally.

7. The meeting did not throw any light upon the purpose of a further approach to the Commonwealth Relations Office. Subsequently, it became apparent that the immigration officials felt they had been sent to the United Kingdom to "negotiate" an agreement with the U.K. authorities on the specific point of raising the £1000 limit or of obtaining such other concessions as would enhance the flow of U.K. migrants to Canada. The approach should be, in their view, a political one sufficiently strong and on a sufficiently high level to offset the inevitable Treasury opposition to any such 'liberalization' of capital exports.

8. After re-examining the matter thoroughly, Mr. C.E.S. Smith and Mr. G.R. Benoit offered three suggestions for 'negotiation' with the United Kingdom Government:

(a) increase all emigrants' allowances from £1000 to £2000; or

(b) increase heads of families allowances to £2000 payable in four £500 instalments; or

(c) increase heads of family allowances to £1500 transferable on arrival and single persons' to £1000 payable in two instalments.

9. The suggestions in 8(a) and (c) would be such, in my view, as to constitute a large potential dollar drain on the Exchequer. In addition, a large part of this potential dollar drain would not serve to stimulate emigration because it would be applied to meet the remittances which would then be due to U.K. emigrants already in the U.S.A. and in Canada. Further, such outgoings would be in direct competition with claims on estates and the like. The suggestion in paragraph 8(b) that heads of families be allowed to take out £2000 in four £500 instalments would result in a much smaller dollar drain. For two reasons, however, I do not think that we ought to suggest a specific figure. The first is that we would be placed in the position of having to justify more precisely our contention that a "liberalization" of capital exports would enhance migration from the United Kingdom — and this is the weakest point of our case though there may be evidence of which I have not yet been made aware. The second reason is that since this is a request we ought to put up a figure in the hope of bargaining for a lower one.

10. As an illustration of the weakness of our argument in relating potential migrants to a relatively small increase in capital exportable by migrants, you will have received my despatch No. 2340,† which indicates that a sample of 530 U.K. migrants to Australia took out an average of £147. This is indirect (albeit incomplete) evidence that Australia is not competing with Canada if capital exports by individual emigrants are at issue. The manager of the West End Branch of the Royal Bank reported on October 5th that the average *annual* capital exports of U.K. migrants to Canada handled by his branch for the first nine months of this year was £125, or half the permissible amount. He also said that since June 26th his branch has handled about 80 applications for export of amounts up to £1000 in the first year, and *all* applications which his bank sent forward have been approved. On the other hand, it is also significant that no applicants to his branch in the last eighteen months or so, have shown capital of between £3000 and £5000 as was previously the case. This evidence does point out that we ought not to approach the United Kingdom Government formally for a specific lifting of capital export restrictions unless we can obtain some estimate, based on interviews, of the numbers of persons who have been prevented from going to Canada because of the restrictions of £1000.

11. The immigration officers concerned and members of my staff have examined this matter attentively for more than a week now. They conclude that if a formal approach is to be made to the United Kingdom Government to ascertain positively if it favours U.K. migration to Canada, and is willing to help by agreeing to some lifting of restrictions, it ought to be made by me to Gordon-Walker and it ought to carry the Canadian Government's judgment. An *aide-mémoire*, which might be left with Gordon-Walker, was accordingly drafted for your consideration and is attached.

12. If you agree that this matter is to be raised formally with the United Kingdom Government and we ought not to mention a specific figure, we may later be asked for suggestions as to the new upward limit. We might suggest orally that it might prove of material help if the limit were raised for heads of families to £2000 spread over four years, in addition to the administrative relaxations announced on June 20, 1950. The other alternative would be to suggest that, in view of the improved gold-dollar position of the United Kingdom (and notwithstanding the freeing of the Canadian dollar) the dollar equivalent of the sterling which an emigrant is allowed to take out should be restored to the pre-sterling devaluation amount of about $4000 spread over four years. The potential dollar drain would not be very great. At all events, it might be orally suggested that on grounds of comity and the avoidance of increased discrimination, (particularly in view of the recent liberalization in respect of O.E.E.C. migrants) that this liberalization ought to be granted to Canada.

13. You will be interested to know that, in connection with the recent announcement on the U.K. dollar position, the *Times* of October 4 had this to say in its first leader:

"The time has come to look into the varied assortment of personal items — the right of emigrants (especially to Canada) to take funds with them, the remittance of legacies, the use of sterling funds for their owners' personal expenses when in this

country and the like — which breed an amount of difficulty and ill-feeling quite out of proportion to the dollars they save. The case for more kindly treatment of those dollar imports which have been treated with exceptional severity in the past, such as timber, newsprint, and certain Canadian fruit and dairy produce, is strong."

14. I might add that should the Canadian Government agree to make a formal approach of this nature, you or your colleagues may wish to mention it to Gaitskell during the course of his impending visit to Ottawa.

15. I would be obliged if you would say whether you wish formal representations to be made to the Commonwealth Relations Office on the subject of immigration and the form in which you would like them made. I am not unmindful of the fact that the Ontario Government has approached the United Kingdom authorities to discuss ways and means of increasing migration to Canada by lowering costs under the Empire Migration Act of 1922. (The answer which will be made shortly by the U.K. authorities is that they, by custom, must negotiate with the Canadian Government any of the matters covered by this Act).

L.D. WILGRESS

[PIÈCE JOINTE/ENCLOSURE]

Projet d'un aide-mémoire

Draft Aide-mémoire

[London], October 6, 1950

The Canadian Government's policy in respect of immigration in the last few years has been to foster the growth of Canada's population by the encouragement of immigration through legislation and vigorous administration to ensure the careful selection and permanent settlement of such numbers of immigrants as can be advantageously absorbed in the national economy. Immigration to Canada, however, should not have the effect of altering the fundamental character of the Canadian population.

In the implementation of the policy, the Canadian Government created a new department of Citizenship and Immigration under the direction of a Cabinet Minister. Migration to Canada has been opened, broadly speaking, to all persons likely to become readily adapted to Canadian conditions and to be useful citizens. As an example the Government has gone so far as to allow any German citizen, with certain security safeguards, access to Canada for permanent residence. In April 1950, the period of qualification for family allowances has been reduced from three years' to one year's residence. Immigration rules are being simplified to reduce to a minimum the formalities required of settlers.

The Canadian Government also considers that the absorptive capacity of Canada is such, at the present time, that it is prepared (notwithstanding the seasonal vagaries of employment and the housing situation) to accept settlers during the winter months. It has accordingly sent the newly-appointed Director of Immigration, Mr. C.E.S. Smith, to Europe with the urgent mission of surveying the situation in the

British Isles and in Western Europe, of reporting on ways and means to increase the overall flow of settlers from Europe to Canada and of taking such steps as are open to him now to increase the flow of emigrants from Europe.

The Canadian Government is acutely aware that the numbers of settlers from the British Isles has dropped considerably. The latest figures illustrating this fall are:

Year	Total	Non-British	British	% British to Total
1945	22,722	8,045	14,677	64.6
1946	71,719	20,311	51,408	71.7
1947	64,129	25,380	38,747	60.4
1948	125,414	79,357	46,057	36.7
1949	95,217	73,016	22,201	23.3
1950	44,010	36,065	7,945	18.0
(7 months)				
1950	(75,718)	(62,074)	(13,644)	(18.0)
(estimate at the rate of 7 months above)				

As the United Kingdom Government knows, Canada has traditionally accorded preference to migrants from the British Isles. The Canadian Government is most anxious that the proportion of settlers from these Isles shall be maintained and it has reason to believe that this view is shared by the United Kingdom Government.

A number of factors impede the flow of British migration to Canada. Among these are the shipping costs, reduced immigration publicity, Canadian duty on settlers' effects and the restriction on transferable funds. The Canadian authorities are examining what steps can be taken to reduce shipping costs. They propose to increase publicity for migration in the United Kingdom (inter alia) and hope that the United Kingdom Government will welcome this step being taken. The Canadian Government is considering also the question of customs' treatment to be accorded to settlers' effects.

Though statistics are not available in Canada or in the United Kingdom on this point, reports from Canadian Immigration officers throughout the British Isles indicate that one of the main deterrents to prospective migrants who would come forward, is the limitation on transferable funds. The welcome administrative relaxations by the Chancellor of the Exchequer on June 20, 1950, have been productive of results in some cases. However, the majority must rely on the sum of £250 per annum, which, in the case of heads of families, is insufficient under Canadian conditions to ensure adequate chances of success in the delicate operation of transplanting whole families to new surroundings.

The Canadian Government therefore feels that the limitation in question should be mitigated, at least for heads of families, as a complementary measure to the administrative relaxations announced on June 20, 1950. The Canadian authorities are not unmindful that when the limitation on capital exports by emigrants was reduced from £5,000 to £1,000, the critical dollar position of the United Kingdom made such action imperative. It is felt, however, that an increase at this time, without imposing too heavy a drain on United Kingdom resources of dollars, would (as the course of events of recent years has shown) provide some insurance for the United Kingdom and would lead to the desired increase in the number who will be able to emigrate to Canada.

The Canadian Government, accordingly, seeks to ascertain the views of the United Kingdom Government on the following points:

(a) Whether the United Kingdom Government agrees with the desirability of encouraging general emigration from the United Kingdom to Canada at the present time and would welcome the Canadian Government taking such steps as may be appropriate, in the United Kingdom, to that end.

(b) Whether the United Kingdom Government would agree to raise the limitation on transferable funds for heads of families at least, in addition to the administrative relaxations announced on June 20, 1950.

970. DEA/232-AJ-40

L'ambassade en France
au sous-secrétaire d'État aux Affaires extérieures

Embassy in France
to Under-Secretary of State for External Affairs

LETTER NO. 958 Paris, October 9, 1950

CONFIDENTIAL
Reference: C-1113 of September 21, 1950†

STIMULATION OF MIGRATION FROM WESTERN EUROPE

In view of the close schedule under which they were operating, Mr. Smith, the Director of Immigration, and his assistant, Mr. Benoit, were able to spend only October 2 and October 3 in Paris. After preliminary talks at the Embassy a meeting was arranged with the interested French authorities at the Quai d'Orsay in the late afternoon of October 2. The Minister together with Mr. [O.] Cormier, the Immigration Attaché, and Mr. Stoner accompanied Mr. Smith and Mr. Benoit to this meeting. The French officials including MM. de Beaumont, Director of the American Division of the Foreign Office, Charles-Roux of the same Division, Serres and [Charles] Colonna[-Césari] of the Division of Administrative and Social Affairs of the Foreign Office (which is responsible for immigration questions insofar as they concern the Foreign Office), Rosier, Director of Manpower in the Ministry of Labour, and Wolf, Director of Health in the Ministry of Population.

2. The Minister briefly opened the discussions on behalf of Canada and then turned them over to Mr. Smith, who outlined the purpose of his visit. He explained that he and Mr. Benoit were visiting France in an effort to implement the Canadian Government's policy of encouraging increased immigration of suitable persons from Western Europe. As one of the basic principles of this policy, the Canadian Government was anxious to retain the traditional ethnic balance in its population and for this reason there was particular interest in immigration from France. On the other hand the Canadian Government appreciated the French position with regard to loss of population and recognized that France did not regard herself as a country of emigration. Mr. Smith gave assurance that there was no desire on the part of his

Government to encourage mass emigration from France. It was his hope, however, that the French authorities would have no objection if reliable information concerning possibilities of immigration to Canada were made available to any who showed themselves to be genuinely interested. He hoped, further, that one of his trained officers might have the opportunity of discussing these possibilities at first hand with all concerned.

3. The French authorities were extremely cordial and demonstrated much less rigid thinking in the matter of emigration from France to Canada than had been anticipated by the Canadian Immigration Service. M. Wolf of the Ministry of Population underlined the chronic shortage of population which had developed in France largely as a result of the past two wars. On the other hand his Department was prepared to offer encouragement to any determined emigrants that they should select Canada as a first choice amongst available areas. From certain of the rural areas in Normandy, Britanny, Alsace and the Pays-Basque where there was now a limited but definite tendency towards emigration because of local over-population, and Wolf volunteered the names of a number of local authorities and private groups with whom the Canadian Immigration Officer might establish contact in connection with potential agricultural emigrants.

4. M. Rosier speaking for the Ministry of Labour gave comparable assurances concerning industrial emigration. He offered the names of interested groups which Mr. Smith's representative might approach and he also suggested that opportunities in Canada might be listed in the placement section of the official publication of his Department which corresponds roughly to the Canadian Labour Gazette.

5. The rigid regulations of the French Government concerning the export of capital have always been a limitation on emigration from this country to Canada. At the present time emigrants are limited to $300.00 each in transferable funds. M. de Beaumont indicated that French financial authorities were reviewing an earlier Canadian request to alleviate this situation, and he gave reason to hope that there would be a substantial increase in the amount of funds which settlers might transfer to Canada. For the moment the French authorities are not able to give any definite figures in this regard, but there was a clear suggestion that a concrete and favourable reply to the Canadian request would very shortly be sent to the Embassy.

6. The French authorities pointed out that in certain cases their immigration arrangements with foreign countries are governed by bilateral agreements. Such an arrangement seemed to be scarcely necessary in the case of Canada although it might be necessary to proceed on such a basis if a substantial movement resulted after the visit of Mr. Smith's representative to France.

7. Up to the present Mr. Cormier, the Immigration Attaché, has not found it easy to establish direct contact with a number of the French government departments and agencies which are concerned with immigration matters. During the meeting the officials present indicated that such direct contact was feasible and at the conclusion of the meeting Mr. Cormier made arrangements to proceed on this basis. However, during the meeting itself there was no actual discussion of any of the mechanical difficulties which Mr. Cormier had been experiencing concerning the unavailability of police records or the difficulties of securing necessary publicity.

8. At the conclusion of the meeting Mr. Smith felt that it was evident that the French authorities were prepared to give a blessing in principle to a limited scale of emigration to Canada provided we were prepared to cooperate on a reasonable basis. As a result of this meeting he seemed assured that both the task of Mr. Cormier and the special representative who would be arriving from Canada in mid-October would become a good deal easier and more effective.

9. It is doubtful if for the present it would be wise to undertake an extensive programme of publicity on the basis suggested in para. 6 of your letter of September 21.† Through the medium of the *Labour Gazette* and by direct access to various interested groups the Canadian Immigration officials in France may be able to achieve the necessary results without creating unnecessary publicity which could understandably embarrass the French in their emigration policy towards other foreign countries. Announcements of the availability of a travelling special representative, placed in the local papers, may be found desirable from our point of view and agreeable to the French authorities. In general, however, it seems the course of wisdom to proceed with some caution in matters of publicity and to develop the close relations with the French authorities that were offered to us at the meeting.

R.M. MACDONNELL

971. PCO

Extrait du procès-verbal de la réunion du Comité interministériel sur la politique du commerce extérieur

Extract from Minutes of Meeting of Interdepartmental Committee on External Trade Policy

SECRET [Ottawa], October 20, 1950

Present:
Mr. N.A. Robertson, Secretary to the Cabinet (Chairman)
Dr. W.C. Clark, Deputy Minister of Finance
Mr. J.G. Taggart, Deputy Minister of Agriculture
Mr. M.W. Mackenzie, Deputy Minister of Trade and Commerce
Mr. Graham Towers, Governor of the Bank of Canada
Mr. A.F.W. Plumptre, Department of External Affairs
Mr. R.G. Robertson, Privy Council Office (Secretary)

Also Present:
Colonel Laval Fortier, Deputy Minister of Citizenship and Immigration
Mr. J.J. Deutsch, Department of Finance
Mr. J.R. Murray, Department of External Affairs
Mr. L.C. Audette, Commissioner, Canadian Maritime Commission
Mr. W.J. Fisher, Canadian Maritime Commission
Mr. E.P. Weeks, Department of Trade and Commerce

I. IMMIGRATION; TRANSFER OF FUNDS FROM THE UNITED KINGDOM; POLICY ON FINANCIAL ASSISTANCE FOR IMMIGRANTS

1. *The Chairman* referred to discussion at the meeting of June 23 at which it had been recommended that an effort be made to have the United Kingdom raise the limit of funds transferable by immigrants from £1,000 to £2,000. This matter had

been taken up by the High Commissioner in London with officials of the U.K. government who had expressed the view that the limitation on capital transfers was not a substantial factor in the decline of movement of U.K. immigrants to Canada. Since that time, an examination had been made of capital taken by emigrants to Australia, where there was no limitation, and it indicated that out of 530 cases examined only 23 possessed £1,000 or more. The average per applicant was £157. Officials of the Department of Citizenship and Immigration had recently gone to Europe to investigate possible means of stimulating immigration and were anxious that a renewed approach should be made to the U.K. government on the limitation of capital transfers. The High Commissioner had submitted a draft aide mémoire which he thought might be left with the Secretary of State for Commonwealth Relations if it were approved and if a further attack on the U.K. government seemed desirable.

(I.C.E.T.P. Document No. 80† and attached despatches Nos. 2108†, 2340† and 2376 from London).

In view of the evidence submitted by the U.K. in earlier discussions, it seemed doubtful whether there was enough to be gained from an increase in the level of transferable funds to make it worthwhile to tackle the question again at the ministerial level unless the request could be linked with some new measure by the Canadian government to stimulate immigration generally.

2. *The Deputy Minister of Finance* said that he doubted whether the evidence adduced from an examination of Australian immigration figures was very conclusive. It appeared probable that an increase in allowed capital transfers would encourage some people to come to Canada who were not now coming and who had capital that could be used to establish small businesses. It would be desirable to assist such persons to move but it had to be realized that the number would not have any substantial effect on the general decline in immigration.

3. *The Governor of the Bank of Canada* suggested that any approach on the question of capital transfers should be made on the basis of removal of discrimination against Canada. There were a number of forms in which discrimination was now taking place as compared with the treatment for soft currency countries and of these the limitation on immigrant transfers was only one. An approach on a more general front would make it possible to know what weight should be given to each in the argument.

4. *Mr. Plumptre* was of the of the opinion that the estimate given by the U.K. officials of the probable cost to the United Kingdom in additional dollar outlay of an increase in transfers from £1,000 to £2,000, namely £5 to £10 million per year, was unduly large. He was inclined to agree that it would not be desirable now and in isolation to go at the limit of capital transfers but it might be worth while to have Canada House make further enquiry as to the basis of the £5 to £10 million figure. It would also be useful to know how they estimated the extent of loss as between out-flow to the United States and Canada.

5. *The Deputy Minister of Citizenship and Immigration* said that the central point was that immigration from the United Kingdom to Canada in the first eight months of 1950 was down by 47.4% from the same period in 1949. The comparable figures

were 9,000 in 1950 as compared with 17,120 in 1949. The department had kept two types of immigration in mind: immigration of persons seeking employment and immigration of persons who might create employment. For the latter, immigration from the United Kingdom was likely to be the most suitable. There was no problem of language; adaptability was greater and assimilation was much easier. It was felt that movement of persons of this type would be considerably helped if the level of capital transfers was raised. The evidence adduced from the position of emigrants to Australia was not satisfactory. It was known that many persons who were desirous to coming to Canada did not even approach the Bank of England or commercial banks or transportation companies because they were well aware of the limitation on the funds they could take. It appeared from recent conversations that the French government was willing to relax some of its regulations and the Belgian government had indicated willingness to allow $1,000 per individual to be taken.

6. *The Secretary* submitted a memorandum† concerning the general policy of the Canadian government in relation to financial assistance for immigrant movement. The matter had been before the Committee in November 1949 at which time it was recommended to the Cabinet that apart from a possible advance of funds against subsequent immigrant transfers, "no additional measures of financial provision should be made". Since that time the economic situation in Canada had altered considerably and the absorptive capacity of the country was substantially higher. At the same time, the decline in immigration had gone on and was now more clearly established as a continuing trend. If the policy of the government remained that of encouraging immigration up to the limit of absorptive capacity, it seemed apparent that something new had to be added to the measures presently being taken. It did not seem probable that the level of immigration would be substantially affected by the number of immigrants having over £1,000. On the whole it seemed that the major limiting factor was the cost of passage. In the circumstances, it might be desirable to consider:

(a) The possibility of devising a plan under which persons in Canada could act as sponsors for immigrants and receive government-guaranteed loans either to the amount of the cost of passage or to a figure not related to that cost, the obligation to repay being either primarily that of the immigrant or the sponsor or a joint one.

(b) The possibility of taking advantage of an apparent slackening in pressure on ocean space, at least at certain times and on certain vessels, to provide cut-rate fares under government sponsorship. A direct subsidy on immigrant fares would probably not be desirable. However, it might be feasible for the government to take a firm bloc of space on certain vessels in off periods and got a much lower rate than the usual commercial one. This could be sold at cost to immigrants and the government stand any loss on unused space. Alternatively the government could charter vessels for a number of voyages and sell space at or below cost.

7. *The Chairman* said that he thought there were political objections to any policy of direct assistance for immigrant movement. For these reasons there might be advantage in some sort of loan plan related to sponsorship. The system of sponsors would provide assistance in settlement and would help in overcoming certain of the social problems of immigration. In connection with this matter, the Deputy Minis-

ter of Labour had recently advised that there were openings for 600-1000 domestics per month and had enquired as to the possibility of a direct advance of passage money. Mr. MacNamara thought there might be organizations that would advance loans if government guarantees were forthcoming. Consideration of assisted passages raised the question whether more attention should not be given to Italian immigration. Population pressures there were great and Italian immigrants were more likely to be of a type that could be assimilated into French Canada as readily as into the rest.

8. *The Deputy Minister of Finance* thought that the administrative problems connected with a loan system were so substantial as to make such a policy undesirable. On the other hand it might be possible to work out a practical plan to give lower cost passages. It would be well worth while to examine the proposal with a view to submitting a definite recommendation to the Cabinet.

9. *The Deputy Minister of Citizenship and Immigration* said that it was important that any plan for cheaper passages should not bring about a shift of immigration policy to one of "mass immigration". There might be something that could be done in connection with off-season movement since it was now possible to accept immigrants at any time of the year. The Settlement Service had reported that there would be 40,000 places available for next year which, on an average might absorb 120,000 settlers. In connection with the possibility of making loans, it might be worthwhile investigating whether the railways would be interested in advancing funds on a government-guaranteed basis. They had offices across the country to handle the administrative aspects and they were also interested in immigration both from the point of view of settlement and transportation.

10. *The Deputy Minister of Trade and Commerce* was of the opinion that it would be desirable to look into the possibility of giving assistance on transportation. It would be desirable to see what could be done along these lines before making any further approach to the U.K. government on the question of capital transfers.

11. *The Committee* after further discussion, agreed:

(a) that the High Commissioner in London be informed that it was not considered desirable at the present time to make a further approach to the U.K. government at the ministerial level on the question of the limitation on transfers of capital by immigrants to Canada or to submit the draft aide mémoire but that renewed discussions might be desirable at a later date, after consideration had been given to other aspects of assistance to immigration;

(b) that the High Commissioner also be asked to enquire further as to the basis of the U.K. estimate on the dollar out-flow resulting from an increase in the level of capital transfers from £1,000 to £2,000 and, if possible, to provide a breakdown — showing the estimated out-flow to Canada and to the United States; and

(c) that a committee consisting of the Deputy Minister of Citizenship and Immigration, representatives of External Affairs, Labour and Finance, and the Secretary examine further the desirability of recommending to the Cabinet any plan to bring about a reduction in the cost of passage for immigrants moving from Europe to Canada.

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972. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], November 1, 1950

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IMMIGRATION; GOVERNMENT ASSISTANCE RE TRANSPORTATION

23. *The Minister of Citizenship and Immigration* reported that immigration to Canada had been steadily declining since 1948, when the total number of immigrants was 125,414. In 1949, the total was 95,217 and it was estimated that it would drop to 75,000 in 1950. While there were a number of factors operating to produce the decline, it was felt that a major cause was the cost of passage to Canada. It had been the Government's policy thus far not to provide any subsidy on immigrant fares or otherwise to extend direct financial assistance to encourage immigration. If, however, it was intended to bring to Canada as many immigrants as the country could absorb, it seemed that the principle of providing no financial assistance might have to be departed from to some extent.

It was therefore suggested that the Department of Citizenship and Immigration be authorized to ascertain whether the *Georgic*, now owned by the British Government and not completely reconverted to peacetime use, could be obtained for one year for the purpose of providing readily available accommodation for immigrants between the United Kingdom and Halifax or Quebec. This ship could carry approximately 1,400 passengers and it was suggested that fares might be set as low as possible in view of the ship's austerity accommodation and space sold on a straight commercial basis with priority to immigrants.

It was further recommended that the *Aorangi*, which would shortly be removed from the Canada-New Zealand run, might also be made available for a similar purpose. This ship, which could only carry 485 passengers, did not seem as suitable as the *Georgic* but the department might be authorized to enquire whether it might be secured, if desired, and on what basis.

Since transportation costs seemed to be a serious deterrent to prospective immigrants, approval was sought for a plan whereby female domestic servants and skilled tradesmen could made a down-payment on ocean fares of only £10, the balance to be repaid by the immigrant in regular instalments over a pre-determined period of time after arrival in Canada. Certain safeguards would be provided to ensure repayment of those balances.

It was also recommended that the Department of Citizenship and Immigration ascertain whether unused space aboard T.C.A. trans-Atlantic air-liners, particularly on wintertime flights, could also be made available to immigrants in the domestic service and skilled tradesmen groups on a similar down payment of £10, the difference between the down payments and normal ocean fares to be repaid in regular instalments by the immigrant after arrival in Canada and the difference between air and ocean fares to be absorbed by the government.

In addition to the girls for domestic service and the skilled tradesmen referred to, it was suggested that 500 displaced persons be brought to Canada before December 1st, 1950, for employment in lumber camps. For December, January, February and March, it was recommended that 500 men per month be brought forward to provide a reserve pool of manpower for general labour. It was also recommended that 50 men per month be admitted during the winter from Malta.

These proposals would provide direct assistance only for restricted categories of immigrants. If the venture were successful, it might be found desirable to extend similar assistance to other categories at a later date. In the meantime, it might be possible to interest the Canadian Pacific Railway and Canadian National Railways in administering a scheme whereby they would make advances on passages, provided the government were prepared to make funds available for this purpose at low interest rates.

An explanatory note had been circulated.

(Secretary's memorandum, Oct. 30, 1950 — Cab. Doc. 249-50)†

24. *The Cabinet*, after discussion:

(a) agreed that the Department of Citizenship and Immigration be authorized to ascertain on what basis the *Georgic* and the *Aorangi* could be chartered to provide transportation facilities for European immigrants;

(b) agreed that enquiries be made as to whether unused space aboard T.C.A. trans-Atlantic air-liners, particularly on wintertime flights, could be made available to certain classes of immigrants on deposit of a prescribed down-payment, the balance to be repaid by the immigrant and the government as recommended;

(c) approved in principle the proposal that girls for domestic service and skilled tradesmen be provided sea or air transportation on a down-payment of £10, the difference between such down-payment and ocean fares to be repaid by the immigrant and the difference between ocean and air fares to be absorbed by the government;

(d) authorized admission of the following groups during the winter months:

(i) 500 displaced persons to be admitted prior to December 1st, 1950, for employment in lumber camps;

(ii) 500 men per month for general labour purposes to be admitted in December, January, February and March;

(iii) 50 Maltese immigrants per month to be admitted during the winter;

(e) agreed that the Department of Citizenship and Immigration explore whether the Canadian Pacific and Canadian National Railways would be interested in operating a scheme under which advance passage fares could made to immigrants provided the government made funds available for this purpose at low interest rates.

IMMIGRATION; FREE ENTRY OF SETTLERS' EFFECTS

25. *The Minister of Citizenship and Immigration*, referring to discussion at the meeting of July 5th, 1950, said that the Interdepartmental Committee on External Trade Policy, after further consideration, had recommended, in the case of immigrants from countries applying exchange restrictions, that the regulations respecting

settlers' effects be relaxed in order to make it easier for these immigrants to import more goods duty free for their own personal use.

The main features of the Committee's proposals were that the present six months ownership clause be waived in the case of immigrants from countries applying restrictions and that these immigrants be permitted to import a reasonable amount of additional settlers' effects for a period of two years from the date of their arrival. A formal certified declaration would be required showing the net worth of the immigrant's assets held in the country of origin. It was felt that the modified regulations should not apply retroactively.

An explanatory note had been circulated.

(Memorandum, Interdepartmental Committee on External Trade Policy, Sept. 22, 1950 — Cab. Doc. 224-50)†

26. *The Cabinet*, after discussion, agreed that regulations respecting settlers' effects be relaxed as recommended in so far as immigrants from countries applying exchange restrictions were concerned; Tariff Item 705 to be amended accordingly.

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973. DEA/232-AJ-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs to High Commissioner in United Kingdom

TELEGRAM 1713 Ottawa, November 4, 1950

CONFIDENTIAL

Refer your despatch 2376 of October 6, 1950, paragraph 3. Cabinet has approved exploratory conversations with a view to obtaining *Georgic* for westbound immigration from United Kingdom and France to Halifax and Quebec during winter and summer months respectively.

2. Our understanding of ownership position of *Georgic* is that she is owned by Ministry of Transport and operated on their behalf by Cunard White Star.

3. The kind of contract envisaged is somewhat similar to the former *Aquitania* deal:

(a) For a lump-sum consideration owners would guarantee keep vessel on run for period of one year;

(b) Owners would operate her and collect fares from passengers in usual way but all, repeat all, space would be at disposal of Immigration westbound;

(c) In view of fact vessel is still austerity rigged, it would be expected that owners would accept lower fare for westbound immigrant passengers than would normally prevail for commercial traffic.

4. We understand that [N.A.] Guttery, Deputy Secretary and [W.] Graham, Under-Secretary of Ministry of Transport, will be in Ottawa from November 8 to

10 and we would propose to open negotiations with them. It may be, however, that your local knowledge of situation with regard to *Georgic* makes it desirable for you [to] put matter to Ministry of Transport in London immediately. Alternatively, you may think it desirable to broach matter to Ministry and ask them instruct Guttery and Graham to discuss in Ottawa. Please wire what action, if any, you are taking.

974. DEA/5127-H-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2119 London, November 6, 1950

CONFIDENTIAL

Your No. 1713 November 4th. *Georgic.*

2. Smith and Benoit reported by cable† to their department on October 29th concerning their unsuccessful demarches in Liverpool on October 28th to sound out Cunard on *Georgic*. On October 27th we had advised them she was presently trooping on United Kingdom account and that United Kingdom wanted another trip for this purpose but that Australia, which had contributed to cost of *Georgic*, insisted she should be on Australian emigrant run before Christmas. This is being done and United Kingdom has abandoned any idea of using her for further trooping.

3. Nevertheless we mentioned to Sir Gilmour Jenkins [Permanent Secretary] of Ministry of Transport on November 6th Cabinet's interest in *Georgic*. He replied as above mentioning that she might be on North Atlantic next summer at which time arrangements might be made. (Some Ministry officials, basing themselves on information from American sources are not as sanguine as festival organizers concerning numbers likely to come from America to United Kingdom; they think there will be space available). We pointed out your interest in shipping this winter and enquired about *Empress of Australia* which is presently trooping. He said he would examine position but United Kingdom is much behind in its trooping programme. He will advise Guttery of your enquiry and brief him with any later information. Guttery and Graham, however, are very knowledgeable on this subject.

975. PCO

Note du ministre de la Citoyenneté et de l'Immigration pour le Cabinet

Memorandum from Minister of Citizenship and Immigration to Cabinet

CONFIDENTIAL [Ottawa], November 29, 1950

1. The scarcity of shipping available on the North Atlantic is a factor preventing immigrants from coming to Canada.

2. It is reported that Trans-Canada Airlines, on their flights west-bound from the United Kingdom, have a number of vacant seats which could be used for immigrants if it was not for prohibitive fare.

3. It is reported that the trans-Atlantic service of Trans-Canada Airlines operates at a deficit during the winter months.

4. Trans-Canada Airlines reports that there will be approximately 650 vacancies between now and the end of the calendar year and over 1,000 vacancies during the first three months of 1951.

5. Those vacancies could be used by immigrants and with advantage to Trans-Canada Airlines if the fare payable by immigrants did not exceed $160.00, which is equivalent to the cost of tourist class passage by sea.

6. Rates over the Atlantic being controlled by the International Air Transport Association, the difference between the cost of air transportation and ocean transportation would have to be paid by the Canadian Government.

The Undersigned, Therefore, Recommends That

The Department of Citizenship and Immigration be authorized to pay to Trans-Canada Airlines the difference in costs between air transportation and ocean transportation for every immigrant agreeing to travel by Trans-Canada Airlines between now and March 31, 1951.

No funds being available in the Estimates of the Department of Citizenship and Immigration for this purpose, the necessary funds to be voted in Supplementary Estimates for the fiscal year 1950-51.[51]

W.E. HARRIS

[51] Approuvé par le Cabinet, le 29 novembre, 1950./Approved by Cabinet, November 29, 1950.

976. PCO

Note du ministre de la Citoyenneté et de l'Immigration pour le Cabinet

Memorandum from Minister of Citizenship and Immigration to Cabinet

CABINET DOCUMENT NO. 279-50 [Ottawa], December 9, 1950

CONFIDENTIAL

FINANCIAL MEASURES TO ASSIST IMMIGRATION

1. A major factor in the decline of immigration since 1948 has been the high cost of passage to Canada.

2. It is reported that there is a strong possibility of extensive manpower shortage in 1951.

3. There is no longer a large number of immigrants eligible for assistance by the International Refugee Organization.

4. Special types of immigrants required by the Department of Labour cannot be secured without providing assistance with respect to transportation costs.

5. The Ontario Government has proposed to provide assisted passages to immigrants coming forward to employment with the Ontario Hydro.

6. Some employers have expressed a willingness to advance transportation costs on a refundable basis to immigrants in order to secure workers.

7. In order to obtain certain types of workers, it would appear that assisted passages are required.

8. While the granting of assistance on a piecemeal basis by the Federal or Provincial Governments, private organizations and individuals, may serve to satisfy some of the immediate needs of the Canadian labour market, it would involve discrimination against some better-type immigrants whose movement to Canada is highly desirable from the point of view of long-range immigration policy. The estimated movement of immigrants to Canada, referred to in Item 1 of Appendix A, will be prejudiced since immigrants will delay migration to Canada in the anticipation that the classes eligible for assistance will be broadened, or alternatively, may proceed to other countries offering assistance.

The Undersigned, Therefore, Recommends:

1. *That* the Minister of Citizenship and Immigration be authorized to advance part of the cost of transportation to immigrants, whose admission to Canada is sponsored by the Department of Labour or the Department of Citizenship and Immigration, when satisfied that the services of such immigrants are urgently required in Canada.

2. *That* such advances be made only to the heads of families or single persons who can contribute toward the cost of their transportation to Canada; such contribution to be not less than Thirty Dollars, or its equivalent.

3. *That* such advances be made only to immigrants who agree to accept employment with a Canadian resident upon arrival, and further agree to remain in this class of employment for a period of one year or until their debt to the Government is repaid, and sign authority under which their employer will deduct from their wages the instalments due on the fares so advanced.

4. *That* the amounts so advanced be collected by

(a) the Department of Labour for immigrants admitted under its sponsorship;

(b) the Department of Citizenship and Immigration for all others;

and all amounts thus collected be remitted to the Department of Citizenship and Immigration.

5. *That* inland transportation in Canada, in the case of immigrants admitted for domestic service, be paid as is now the practice by the Canadian Government through the Department of Labour.

6. *That* the period over which advances will be collected shall be determined in relation to the immigrant's earnings in Canada but shall not exceed twenty-four months.

7. *That* expenditures made for transportation on behalf of immigrants be provided by way of a revolving fund.

8. *That* the moneys needed to finance the aforementioned scheme be provided for in the Supplementary Estimates of the Department of Citizenship and Immigration for the fiscal year 1950-51 and that the sum so provided be established at One Million Dollars.[52]

W.E. HARRIS

[APPENDICE A/APPENDIX A]

FINANCIAL MEASURES TO ASSIST IMMIGRATION

Since 1948, when the number of immigrants was 125,414, there has been a steady decline in immigration. In 1949 the total number of immigrants was 95,217 and in the first nine months of 1950 it was 54,250, as compared to 76,149 for the same period in 1949, a decrease of 28.8%. A major factor in this decline has been the high cost of passage to Canada. Australia and New Zealand, which provide assisted passages, have maintained a high level of immigration and are serious competitors in the immigration field. In view of the desirability of halting the decline in immigration, the following proposals, which have been considered by an Interdepartmental Committee including representatives of the Privy Council office, the Department of External Affairs, the Department of Finance, the Department of Labour, the Department of National Health and Welfare, the Department of Trade and Commerce, the Department of Agriculture and the Department of Citizenship and Immigration, are submitted.

[52] Approuvé par le Cabinet, le 13 décembre, 1950./Approved by Cabinet, December 13, 1950.

I. *Provisional Estimate of Emigration from Europe in 1951*

1. As a result of his trip overseas, the Director of Immigration has made the following provisional estimate of the emigration movement from the United Kingdom and Europe during the calendar year 1951. This estimate based on a continuation of discernible trends at Immigration posts abroad; conversations with key government officials; representatives of transportation companies and other informed persons; and the Director's appraisal of the situation, is subject to review on February 1, 1951.

A.	**United Kingdom by Areas**		**Total**
	London	8,000	
	Glasgow	8,000	
	Liverpool	6,000	
	Belfast	500	
	Dublin	500	23,000
B.	**Europe by Areas**		
	Austria	3,800	
	Belgium	7,000	
	Denmark	6,300	
	France	6,000	
	Germany (30,000DPs, 13,000 Germans)	43,500	
	Italy	10,000	
	Sweden (refugees)	10,000	
	Switzerland	1,500	
	The Netherlands	12,000	
	Other sources, (Malta, etc.)	3,000	103,100
			126,100

		Farm Settlers Farm Workers	Others	Total
A.	United Kingdom	3,500	19,500	23,000
B.	Europe	34,400	68,700	103,100
				126,100

2. It has been reported that there exists in Canada a shortage of skilled tradesmen and certain other types of workers and that there is a strong probability of extensive manpower shortage in the Spring of 1951. The Settlement Service of the Immigration Branch reports that there exists thousands of vacancies and opportunities in Canada for immigrants. There should be little difficulty in securing placements for workers included in the above figures.

II. *Assisted Passages*

1. Formerly large numbers of skilled and unskilled workers were brought forward to Canada from Displaced Persons camps under bulk movements sponsored by the Department of Labour and transportation costs were paid by the International Refugee Organization. Increasing difficulty is being experienced in selecting workers who can meet Canadian requirements from the residue in I.R.O. camps. The I.R.O. will cease its activities before the end of 1951.

2. Special types of workers required by the Department of Labour cannot be secured without providing assistance with respect to transportation costs. Approval has been granted, in principle, to a proposal whereby girls for domestic service and skilled tradesmen may be provided sea or air transportation on a down payment of £10, the difference between such down payment and ocean fares to be repaid by the

immigrant and the difference between ocean and air fares to be absorbed by the Government.

3. The Ontario Government has proposed to provide assisted passage to unskilled workers from the United Kingdom for employment with the Ontario Hydro. Since workers in this class are those least likely to be able to pay their own transportation costs, they cannot be otherwise secured unless some form of assisted passage is offered.

4. Some employers have expressed a willingness to advance transportation costs on a refundable basis to immigrants in order to secure workers.

5. It would appear that in order to obtain certain types of workers assisted passages would be necessary.

6. While the granting of assistance on a piecemeal basis by the Federal or Provincial Governments, private organizations and individuals may serve to satisfy some of the immediate needs of the Canadian labour market, it would involve discrimination against some better-type immigrants whose movement to Canada is highly desirable from the point of view of long-range immigration policy. The estimated movement of immigrants to Canada, referred to in Item 1 of this Appendix, will be prejudiced since immigrants will delay migration to Canada in the anticipation that the classes eligible for assistance will be broadened, or proceed to other countries offering assistance.

7. Taking all factors into consideration, it is evident that a programme for assisted passages on a refundable basis, provided by the Federal Government is indicated.

III. *Estimate of Amount Required for a Revolving Fund*

1. The following table is based on an estimate of the number of immigrants requiring assisted passage from each of the countries indicated:

Country	No. Assisted Passages	Total Cost	Cost less Contribution
United Kingdom	13,000	$2,600,000	$2,210,000
Austria & Germany	13,000	2,080,000	1,690,000
France	2,500	500,000	425,000
The Netherlands	2,000	420,000	360,000
Belgium	500	105,000	90,000
Italy	1,000	235,000	205,000
Denmark	500	105,000	90,000
Sweden	500	105,000	90,000
TOTAL	33,000	$6,150,000	$5,160,000

2. It is now estimated that One Million Dollars would be required for the establishment of a revolving fund.

2e PARTIE/PART 2

RELATIONS AVEC DES PAYS PARTICULIERS
RELATIONS WITH INDIVIDUAL COUNTRIES

SECTION A

RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE
FEDERAL REPUBLIC OF GERMANY

SUBDIVISION I/SUB-SECTION I

FIN DE L'ÉTAT DE GUERRE
TERMINATION OF THE STATE OF WAR

977. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 225-50 [Ottawa], September 30, 1950

SECRET

TERMINATION OF THE STATE OF WAR WITH GERMANY

On September 19, 1950, the Foreign Ministers of the United Kingdom, the United States and France, in a joint statement announced that, pending the unification of Germany which cannot be realized as long as the Soviet Union opposes free elections, "the three Governments have decided as soon as action can be taken in all three countries in accordance with their respective constitutional requirements to take the necessary steps in their domestic legislation to terminate the state of war with Germany. This action will not affect the rights and status of the three powers in Germany which rest upon other bases. It will, however, create a firmer foundation for the developing structure of peaceful and friendly relationships and will remove disabilities to which German nationals are subject. It is hoped that other nations will find it possible to take similar action in accordance with their own constitutional practices".

2. From an international point of view it now seems to be generally recognized that the war with the whole of Germany ceased to exist with the unconditional surrender of Germany and the assumption of supreme authority in Germany by the four powers in 1945. It, therefore, follows that the state of war continues to exist only in the realm of the domestic jurisdiction of the Allied Powers and to bring it to an end it will be necessary for these countries, including Canada, to take the necessary measures in accordance with their constitutional procedures.

3. The United Kingdom Foreign Office interprets the public statement of the three Foreign Ministers as meaning that the Governments of the United Kingdom, the United States and France should act simultaneously in terminating the state of war with Germany. It is also the view of the Foreign Office that immediate action by the United Kingdom Government is not likely because of the fact that the United States Government will require some time to review a considerable number of Acts of Congress which would be affected by the United States action.

4. All the Departments of the Government are being consulted concerning the effect which the termination of the state of war with Germany would have on the legislation administered by them. Consideration is also being given to the procedural steps to be taken to give effect to the termination of the war in Canada and the effective date of that termination.

5. Having regard to the desirability of bringing the Federal Republic of Germany into closer association with the community of free nations, I recommend that the Canadian Government announce now its intention to terminate the state of war with Germany as soon as it is in a position to do so without indicating the procedural steps that might be taken or the date on which the termination is to be made effective.[53]

L.B. PEARSON

978. DEA/10934-C-40

Note de la Direction européenne pour le chef de la Direction européenne

Memorandum from European Division to Head, European Division

CONFIDENTIAL [Ottawa], November 15, 1950

You will recall that the French, United Kingdom and United States Governments have decided to terminate the state of war with Germany at approximately the same time after an agreed date has been established through diplomatic channels. In separate memoranda† phrased in slightly different terms they have indicated to us that they would be glad if we would coordinate our action in terminating the state of war with theirs. So far we have advised them, through their representatives here, that we intend to terminate the state of war at an early date and that the detailed procedures involved are under consideration. We added that we should consider their request about the timing of our final action. We also stated that we were somewhat surprised that the first news which we had had of their Governments' decision was from the newspapers and that their request was not made until three weeks after the announcement.

The date of the action of the Western Powers will apparently be governed by the speed with which the United States is able to move. This in turn depends on the

[53] Approuvé par le Cabinet, le 30 septembre 1950./Approved by Cabinet, September 30, 1950.

passage of the joint resolution by Congress. The latest information we have is that the resolution will probably not be presented to Congress until January, 1951.

The detailed procedures which we might adopt are still under consideration. Although Legal Division are pressing them, the Department of Justice have yet to determine whether Parliament must be consulted or whether a proclamation in the *Canada Gazette* would be sufficient. The question of the timing of our action may be affected by the ruling of the Department of Justice. If it is necessary to obtain Parliamentary approval, we shall not be free to act until some time after Parliament re-assembles in the New Year. If, on the other hand, a proclamation is sufficient, and the chances are that it will be, our choice of date will not be so restricted. In order to save time later on, it might perhaps be useful to clarify our thoughts now on the assumption that we shall resort to a proclamation to terminate the state of war.

It is relevant to note from Despatch No. 2729 of November 2, 1950,† from London, that at a recent meeting between the Heads of Delegations of the Intergovernmental Study Group on Germany and the Benelux representatives in London, the Foreign Office spokesman mentioned that he had heard rumours to the effect that some (unspecified) countries intended shortly to terminate the state of war with Germany unilaterally. He thought that it would be imprudent if they actually did so now, since this would place them in an anomalous position vis-à-vis both the Occupying Powers and the German Federal Government. He regarded the question as being of some urgency and asked the Benelux representatives to communicate to their Governments the views which he had expressed. His action, it appears, was prompted by information received by the Foreign Office that the Dutch were annoyed at what they considered to be a lack of liaison on this question and that they were contemplating taking action at an early date.

From The Hague we have now learned that the Netherlands Government has announced its intention to terminate the state of war. Its actual announcement concludes: "These (the Belgian and Luxembourg) Governments will also be consulted in due course regarding the moment at which the state of war with Germany will be declared to have ended. Since the determination of this moment is partly dependent upon what the Occupying Powers will do in this respect and particularly upon the measures which have to be taken in Germany itself beforehand, it is not possible now to give any further information on the matter". Despite their reported irritation, the Dutch apparently feel that they must be guided in part at least by what the Occupying Powers will do. It may be that they were impressed by the comment that they would be in a rather odd position if they proceeded on their own at this stage, in advance of the Occupying Powers.

While we, too, feel that the Occupying Powers might have given us some warning of their decision before it was announced, it would be unfortunate if we allowed ourselves to be governed by considerations of pique.[54] To terminate the state of war ahead of the Occupying Powers might convey the impression that we

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[54] Note marginale:/Marginal note:
Indeed. [J. Léger]

were indulging in tactics of retaliation. The question of coordinating our action with theirs should presumably be examined on its own merits. On balance there would appear to be nothing to lose and a little goodwill to gain by meeting their request, especially since we have already registered our surprise at the way in which they suddenly announced their decision in September.[55] Perhaps we should also remember that the Foreign Office at least kept Canada House fairly well informed of the progress made by the Intergovernmental Study Group.

We do not, of course, need to choose exactly the same date as the Occupying Powers. Indeed the French and United Kingdom memoranda only mentioned taking the step at *about* the same time as themselves. It might be better if our action were to stand out a little on its own. Perhaps both points of view would be met if we were to terminate the state of war very shortly after the Occupying Powers did so.[56] [57]

P.T. MOLSON [58]

SUBDIVISION II/SUB-SECTION II

IMMIGRATION

979. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], March 25, 1950

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IMMIGRATION; GERMAN NATIONALS

15. *The Minister of Citizenship and Immigration* said that many displaced persons and refugees of German ethnic origin, who before the war were nationals of states other than Germany, were not at present able to enter Canada because they had become German nationals during the war. Owing to their ethnic origin, they did not come under the International Refugee Organization. A number had been admitted

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[55] Note marginale:/Marginal note:
I agree [J. Léger]

[56] Note marginale:/Marginal note:
Yes [J. Léger]

[57] Note marginale:/Marginal note:
Could we not
(a) get the Under-Secretary to send a letter to Varcoe to the effect that there is some urgency in this matter and that we do need their ruling;
(b) find out from Washington and London when it is expected that action will be taken;
(c) then follow up in the spirit of your last 3 paragraphs? J.L[éger].

[58] Note marginale:/Marginal note:
Legal Division has taken the first two steps suggested by Mr. Léger. London has undertaken to keep us informed. Mr. Campbell also advised the British that Canada would not take "precipitate action" in ending the state of war with Germany. Pending receipt of information from London, there does not seem to be any action to be taken by this Division. P.T. M[olson], 10-1-51.

by special action but it seemed desirable to make a general provision for them. It was also desirable to extend somewhat the categories of German nationals whose admission was allowed because of relationship to persons resident in Canada. Of such German nationals, 3,051 had been admitted in 1948, 5,998 in 1949; and it was expected that 7,000 to 8,000 might come during the current year.

Alternative draft submissions were presented for consideration. "Draft A" was recommended for approval.

Copies of the drafts were circulated.

(Draft submissions to Council by the Minister of Citizenship and Immigration, Mar. 22, 1950 — Cab. Doc. 92-50)[59]

16. *The Secretary of State for External Affairs* suggested that the paragraph in "Draft A" concerning persons of ethnic origin who had become German nationals during the war was in rather general terms and left the implication that large numbers might be expected to come to Canada. It would be desirable either to amend it somewhat or to have it clearly explained that it was permissive in character and not a provision for general admission.

17. *The Cabinet*, after considerable discussion, approved the submission of the Minister of Citizenship and Immigration, marked "Draft A", concerning admission of enemy aliens to Canada subject to amendment of paragraph (c) in the light of the discussion; an Order in Council to be passed accordingly on the basis of a new submission as amended.

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980. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], March 28, 1950

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IMMIGRATION; GERMAN NATIONALS

7. *The Minister of Citizenship and Immigration*, referring to discussion at the meeting of March 25th, submitted a revised recommendation concerning the entry of German nationals into Canada. It was proposed to make a brief statement later in the day and to table copies of the Order in Council in the House of Commons.

8. *The Cabinet*, after discussion, approved the recommendation of the Minister of Citizenship and Immigration and agreed that Order in Council P.C. 4850 of November 26th, 1947 be revoked and that an Order in Council be passed to prohibit the entry of enemy aliens into Canada provided that this should not exclude persons who had been opposed to an enemy government, specified relatives of persons legally resident in Canada or displaced persons or refugees of German ethnic origin who were not German nationals on September 1st, 1939.

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[59] Non retrouvé./Not located.

(Order in Council P.C. 1606, March 28th, 1950)†

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981. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], April 5, 1950

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IMMIGRATION; GERMAN NATIONALS; VOLKSDEUTSCHE

32. *The Minister of Citizenship and Immigration*, referring to discussion at the meeting of March 28th, said it was not entirely clear whether approval had been given to the admission of displaced persons or refugees of German ethnic origin who had not been German nationals on September 1st, 1939 even though they might have served in the German armed forces during the war. It had been his intention to have such persons made admissible unless investigation showed that any such person had been an active Nazi or was otherwise undesirable for security reasons.

33. *The Cabinet*, after discussion, agreed that admissibility be extended to displaced persons or refugees of German ethnic origin who had not been German nationals on September 1st, 1939 notwithstanding service in the German armed forces, provided that no individual should be admitted who was found on examination to be undesirable for security or other reasons.

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982. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], September 1, 1950

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IMMIGRATION; REMOVAL OF GERMAN NATIONALS FROM CLASSES OF PROHIBITED ALIENS

15. *The Minister of Citizenship and Immigration* said that, in the absence of a Peace Treaty with Germany, German nationals, with certain limited exceptions, were prevented from entering Canada by the provisions of Order in Council P.C. 1606 dated March 28th, 1950. The effect was to deprive Canada of substantial numbers of immigrants whose professional, technical or industrial skills would be likely to become loyal citizens. It was recommended that Germans be removed from the class of prohibited enemy aliens and considered on the same basis as other prospective immigrants.

An explanatory memorandum was circulated.

(Minister's memorandum, Aug. 18, 1950 — Cab. Doc. 203-50)†

16. *Mr. Harris* said it appeared likely that in the near future an arrangement would be concluded so that Germans would no longer be classified as enemy aliens, despite the fact that no peace treaty had been signed. It might be well to defer any announcement of a new immigration policy with respect to Germans until this had been done.

17. *The Cabinet*, after further discussion, agreed that, for the purposes of immigration, German nationals be removed from the class of prohibited enemy aliens and be considered on the same basis as other prospective immigrants; the announcement of such policy to be postponed pending satisfactory arrangements being made to classify German nationals as other than enemy aliens; an Order in Council to be passed accordingly.

. . .

SECTION B

FRANCE : COMITÉ ÉCONOMIQUE FRANCO-CANADIEN
FRANCE: FRANCO-CANADIAN ECONOMIC COMMITTEE

983. DEA/9245-G-40

Le sous-secrétaire d'État aux Affaires extérieures à l'ambassadeur de France

Under-Secretary of State for External Affairs to Ambassador of France

Ottawa, le 28 décembre 1949

Monsieur l'Ambassadeur,

Lorsque vous m'avez rendu visite, le 1er décembre, nous avons examiné la possibilité d'instituer, entre la France et le Canada, un comité permanent des affaires économiques. Vous avez, par la suite, fait part de cette proposition à mon Ministre. Depuis, j'en ai causé avec divers fonctionnaires des autres ministères qui pourraient être intéressés.

2. La question est à l'étude depuis que M. Queuille[60] l'a soulevée, peu de temps après son arrivée, l'été dernier.

3. J'ai constaté que tous les fonctionnaires intéressés de notre Gouvernement seraient très heureux d'étudier des sujets déterminés avec des fonctionnaires de votre Gouvernement chaque fois que la chose semblerait souhaitable. Il nous serait tout à fait agréable de participer à des conversations propres à aplanir certaines difficultés et à favoriser les bons rapports entre nos deux pays. Dès que vous jugerez bon de

[60] Pierre Queuille, conseiller commercial et attaché financier de l'ambassade de France.
Pierre Queuille, Commercial Counsellor and Financial Attaché, Embassy of France.

nous indiquer une liste de sujets à examiner, nous nous empresserons de prendre des dispositions pour que des réunions puissent avoir lieu soit à Paris soit à Ottawa.

4. Je crois me rappeler qu'au cours de l'entretien que nous avons eu dans mon bureau à ce sujet, vous avez suggéré que les fonctionnaires qui assisteront aux réunions du Comité permanent du Canada et du Royaume-Uni se rendent ensuite à Paris. À ce propos, je dois vous dire que la date de la prochaine réunion du Comité Canada-Royaume-Uni n'est pas encore fixée. Du reste, je ne crois pas qu'il serait nécessaire de subordonner aux réunions Canada-Royaume-Uni les réunions que vous proposiez.

5. Bien qu'ils accueillent avec faveur l'idée de réunions où seraient étudiés des sujets déterminés, nos fonctionnaires estiment, comme moi, qu'il n'est pas nécessaire de constituer un organisme permanent; peut-être même serait-il inopportun de procéder ainsi. Nous trouvons qu'il a été créé depuis la guerre un bien grand nombre d'organes officiels de consultation en matière économique; que ces organes entraînent déjà une grande dépense de temps et d'énergie; et que les consultations économique offrent moins de chances de succès lorsqu'elles sont menées sur le plan officiel, surtout si le caractère officiel des consultations donne lieu à une certaine publicité. Vous savez sans doute que la création du Comité Canada-Royaume-Uni n'est pas d'initiative canadienne. Il n'existe pas d'organisme analogue entre le Canada et les États-Unis. La plupart des comités économiques bilatéraux qui ont pris naissance depuis la guerre sont corrélatifs à des accords bilatéraux de commerce et de paiements; le Canada n'a conclu aucun accord de ce genre. Nous savons que si un comité Canada-France était créé, il est au moins un autre pays d'Europe qui insisterait immédiatement pour que le Canada établisse avec lui un comité semblable; je dirais même qu'un tel précédent nous obligerait en quelque sorte à constituer des comités économiques permanents avec plusieurs autres pays.

Un autre forme de consultation économique internationale nous semble se recommander à notre attention. Dans un discours qu'il a prononcé récemment à la Chambre des communes, le Secrétaire d'État aux Affaires extérieures a donné à entendre que nous étudions les possibilités qu'offre à cet égard l'article 2 du Pacte de l'Atlantique. Mais c'est là une question que nous aimerions étudier avec vous lorsque nos vues en l'espèce seront plus précises.

Veuillez agréer, Monsieur l'Ambassadeur, les assurances de ma très haute considération.

A.D.P. HEENEY

984. DEA/9245-G-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

DESPATCH 54 Paris, January 24, 1950

CONFIDENTIAL

Sir,

I have the honour to enclose copy of a letter from the Ministry of Foreign Affairs which refers to the setting up of a joint Franco-Canadian committee on foreign trade policy. This subject was discussed by M. Schuman and Mr. Howe in Ottawa and was raised once more by M. Schuman when he saw our Minister in Paris. The Government of France places considerable importance on the establishment of such a committee and Mr. Howe believes the project is desirable from the viewpoint of Canada.

Mr. Howe suggests that the Committee be founded along the lines of the United Kingdom-Canada Committee on trade policy, that the Canadian Ambassador to France be Chairman at the Paris meetings and that the Ambassador of France at Ottawa be Chairman for Canadian meetings. He proposes also that Mr. James Manion be made a member of the Committee for meetings in France and the French Trade Commissioner M. Queuille for meetings in Canada.

He believes that other appropriate representatives would be either Mr. Mackenzie or Mr. Beaupré of Trade and Commerce in addition to an official from Agriculture and one from Finance.

As the French Government view the matter as one of urgency, Mr. Howe expresses the hope that an early and favourable reply will be given to this request.

I have, etc.

GEORGES P. VANIER

[PIÈCE JOINTE/ENCLOSURE]

Le ministère des Affaires étrangères de France
à l'ambassade en France

Ministry of Foreign Affairs of France
to Embassy in France

Paris, le 20 janvier 1950

Le Ministère des Affaires Étrangères présente ses compliments à l'Ambassade du Canada et a l'honneur de lui communiquer ce qui suit:

Au cours de l'entretien, en date du 19 janvier 1950, que le Président R. Schuman, Ministre des Affaires Étrangères a eu avec le Très Honorable C.D. Howe, Ministre du Commerce du Canada, et conformément aux vues que les deux Ministres avaient précédemment échangées à Ottawa en Octobre 1949, l'institution, dans les plus brefs délais, d'un Comité Mixte Franco-Canadien a été reconnue désirable.

Ce Comité serait chargé d'étudier, à intervalles réguliers, les problèmes relatifs au commerce entre les deux pays et de proposer aux deux Gouvernements les mesures propres à son développement.

Le Gouvernement français étant d'accord avec cette proposition, le Ministère des Affaires Étrangères serait reconnaissant à l'Ambassade du Canada de bien vouloir lui faire connaître, aussitôt qu'il Lui sera possible, la décision que Son Gouvernement aura prise à ce sujet.

985. DEA/9245-G-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en France

Secretary of State for External Affairs to Ambassador in France

TELEGRAM 76 Ottawa, March 8, 1950

CONFIDENTIAL

Your despatch No. 54 of January 24 — Franco-Canadian Trade Committee.

1. A group of Canadian officials will visit Paris to explore this subject with the French authorities. Our group will be led by Sydney Pierce, Associate Deputy Minister of Trade and Commerce, assisted by Deutsch (Finance), Couillard (External) and possibly Isbister (Trade and Commerce). In the absence of Manion, Gauthier[61] might sit in on the discussions.

2. We want to do whatever we can to promote Franco-Canadian trade and believe that meetings between the right officials at the right times should be helpful. On the other hand we want to avoid unprofitable meetings and unnecessary trans-Atlantic journeys. Further, we are worried that if we set up a formal committee with regular meetings with the French we will have to make similar arrangements with a number of other countries; the Belgians have already approached us. Hence the coming meeting in France is to explore the best ways of meeting the needs of our two countries. It should not (repeat not) be regarded as the first meeting of a formal or permanent committee.

3. Pierce can be in Paris towards the end of March or at any time during the first three weeks of April. We are cabling to Deutsch, Couillard (and Isbister) who are attending GATT in Geneva to suggest to you a convenient date for the meeting.

[61] J.P.C. Gauthier, secrétaire commercial adjoint, ambassade du Canada en France.
J.P.C. Gauthier, Assistant Commercial Secretary, Embassy in France.

Please let us know what arrangements you make, if possible before March 14 when Pierce leaves here to attend other meetings.

986. DEA/9245-G-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 146 Paris, April 6, 1950

CONFIDENTIAL

My telegram No. 132 of March 27th.† Franco-Canadian economic meetings.

1. Talks took place on April 4th and 5th. We were represented as follows:
Trade and Commerce: Pierce, Isbister and Gauthier
External Affairs: Macdonnell and Couillard
Finance: Deutsch.

2. It soon became apparent that the French request for a continuing trade promotion Committee had not been based on any clear conception of what such a committee might usefully do. We explained that we had no committee of this type with any other country because we did not feel that a formal committee mechanism was appropriate to deal with day to day problems the solution of which lay so largely in the hands of private endeavour, supported by existing Government facilities. We explained further that the United Kingdom-Canadian committee was not primarily a trade promotion committee; it had been created essentially to deal with problems peculiar to United Kingdom-Canadian relations.

3. It was felt however that officials could usefully meet from time to time, on a non-formal basis as in the present talks, to discuss practical problems in a general way and to review progress in the development of trade. It was the hope of both sides that such another meeting could be arranged about September probably in Paris. If the French maintain their interest in such discussions we would recommend that a small team be made available, possibly from our delegation to Torquay. We make this recommendation because the French have met our point of view and have not insisted on their request for the creation of a formal continuing committee.

4. It was agreed that while private endeavour must make the going (and the primary need was for energetic French salesmanship) Governments could do a good deal in the way of providing information and studying market possibilities. Denis Harvey when he was here explained the services which the Import Division of Trade and Commerce could provide in this connection. We followed by suggesting that specific commodity studies could be made and this was warmly received. We will send you shortly a minute of the proceedings which will specify a number of commodities on which the French would welcome such studies.

5. It was also arranged that the Embassy and particularly the commercial section would give the French all possible assistance.

6. Both sides understood that trade between the two countries should develop in a normal commercial manner and could not depend upon exclusive or discriminatory arrangements.

987. DEA/9245-G-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

DESPATCH 979 Paris, October 12, 1950

CONFIDENTIAL

Reference: Your telegram No. 355 of September 19, 1950.†

FRANCO-CANADIAN TRADE TALKS

1. The second round of informal trade talks with French officials took place on October 9 and 10. You will recall that the first such meetings were held in April, 1950, and that it was agreed at that time that it would be useful for officials to meet periodically to discuss practical problems in a general way and to review progress in the development of trade.

2. The Canadian group was headed by Mr. Pierce and included Messrs. Macdonnell, Manion, Deutsch, Isbister, Couillard and Stoner. The French group was led by Mr. [Pierre] Charpentier who has recently replaced M. Alphand as [Director-General] of the Economic Division in the Ministry of Foreign Affairs, and included officials from the Ministries of Finance, Commerce, Overseas France, and other agencies concerned with trade with Canada.

3. The meetings were businesslike and directed entirely to the discussion of practical problems. On the French side there was full recognition of the fact that if French exports to Canada are to be expanded it is necessary for French exporters to take the necessary steps to interest customers in a free and open market. There were no suggestions, as there had been at the first round of talks in April, that the Canadian Government might in some way intervene to secure for France a larger share in Canadian markets. On the Canadian side we said that we were disappointed to note the drop in French exports to Canada (while their exports to the United States had risen) and suggested that perhaps French exporters had not fully realized what changes had taken place in the Canadian market and what new opportunities had developed.

4. Various commodities were then discussed and views were exchanged as to the most practical ways in which French exporters could overcome difficulties in each field, whether caused by questions of price, communications, representation, mar-

ket research, and so so. The Commercial Secretary is reporting in detail to the Department of Trade and Commerce on these discussions.

5. The French authorities expressed an interest in continuing these talks periodically and the Canadian group agreed that such discussions were of value to both sides. It was arranged that the next meetings would be held in Ottawa (which was suggested by the French) and it was left to the French authorities to suggest a date. They indicated that they would probably propose a date in the spring of 1951.

6. During his visit to Paris Mr. Deutsch, accompanied by Mr. Macdonnell, had a discussion with the French financial authorities on the subject of reaching a final settlement on Military Relief Credits, and the general lines of his proposal proved most acceptable to the French. Mr. Deutsch will be reporting on these discussions to the Department of Finance and it is expected that they will be continued in Ottawa. It should be possible to reach final agreement in the fairly near future.[62]

GEORGES P. VANIER

SECTION C

ITALIE : MISE EN OEUVRE DU TRAITÉ DE PAIX
ITALY: IMPLEMENTATION OF PEACE TREATY

988. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 125-50 [Ottawa], April 26, 1950

SECRET

SETTLEMENT OF CANADIAN WAR CLAIMS AGAINST ITALY; RELEASE OF ITALIAN ASSETS HELD BY THE CUSTODIAN

Canadians with war claims against Italy have filed them with the Secretary of State's Department in response to advertisements published in November, 1948. It is believed that all claims have now been filed (with the possible exception of a few very minor ones). They are as follows:

(a) Aluminum Secretariat Ltd.	$1,360,000	(approx.)
(b) Government of Newfoundland	256,000	"
(c) About 175 other Claimants	684,000	"
Total	$2,300,000	"

Some of these claims are payable in lire, some in sterling and some in dollars. The above figures represent the total of claims filed. Many of them will have to be

[62] Voir le document 914./See Document 914.

written down either because they are not legally valid or because the facts, when investigated, will not justify them.

2. Under the Treaty of Peace with Italy the Italian assets held by the Canadian Custodian may, if necessary, be used to settle Canadian claims against Italy. The total of these assets is at present estimated to be about $3.5 millions. This represents the book value of the assets; if they had to be liquidated to meet claims the amount realized might be substantially less. However, it appears that there is a substantial excess of assets over claims.

Italian Proposals

3. Since the Peace Treaty was signed in 1947 the Italian authorities have been asking for release of Italian assets. Most recently, in January, 1950, they have proposed that we should immediately proceed to release all these assets.[63] At the same time Canadian claims would be submitted to the Italian authorities for screening and eventual payment. Machinery has been set up in Rome for dealing with claims from the United States and the United Kingdom. Similar machinery would be set up for Canadian claims.

4. This proposal cannot be considered satisfactory. The United States and the United Kingdom are most dissatisfied with the difficulties and delays that their claimants have encountered in Rome and have been protesting in vigorous terms. If all the Italian assets held by our Custodian were released, Canadian claimants would have no protection against similar unsatisfactory treatment.

A Lump-Sum Settlement

5. Canadian officials have been pressing for a lump-sum settlement. Under this the Italian Government would be asked to pay the Canadian Government immediately a lump-sum roughly covering the total of valid Canadian claims. In return the Canadian Custodian would immediately proceed to release all Italian assets. Such a settlement was authorized by Cabinet on May 3, 1949 (see Cabinet Document of May 2, 1949 attached†). Canadian claimants are likely to receive better protection under such a settlement than under any other. It would also avoid prolonged delays and substantial costs of administration.

6. The Canadian officials concerned are agreed that one more attempt should be made to reach a lump-sum settlement. This attempt will be made when Mr. Charles Stein, Under-Secretary of State, visits Rome in the near future. The Italian Ambassador here is known to be personally unsympathetic towards a lump-sum settlement. It is hoped that discussions in Rome may bring greater success. On the other hand the Italian authorities may remain unwilling to make any settlement with Canada that differs materially from settlements already made in the United States and the United Kingdom.

7. It is desirable to set minimum amounts that would be acceptable in a lump-sum settlement. The following figures show on the one hand the maximum amount of our total claims and the minimum amounts that can be asked for if our demands are

[63] Voir le document 892./See Document 892.

to include only claims that are virtually unchallengeable both in law and on the basis of the facts of each individual case.

Maximum	Minimum	
Claims in Canadian Dollars	$950,000	$150,000
Claims in Sterling	£ 62,525	£ 62,525
Claims in Lire	700 million	600 million

It should be pointed out that the lump-sum would be paid partly in lire (and in sterling). There is a possibility of loss to the Canadian Government if the lire (or sterling) depreciates between the time the money is received and the time it is paid out to Canadian claimants. It may take two years to review all Canadian war claims.

8. In connection with our minimum claims one further concession might be offered to the Italians. We might agree to hand back to them any residue of the lump sum that remained over and above the total of Canadian claims against Italy when these had been finally screened and validated by *Canadian* authorities.

Compromise Number One

9. This compromise would consist of two steps:

(a) The Italians would first implement the separate agreement on military relief. It will be recalled that an agreement has been approved under which they will pay the Canadian Government lire in cash and bonds amounting to $1.3 millions (U.S.) in discharge of claims of $28 millions. They are delaying this payment pending agreement with us on the release of Italian assets held by our Custodian.

(b) Canadian claims would then be officially submitted to the Italian authorities for payment. As claims were paid assets would be released by our Custodian; $3.00 worth of assets or more could be released for every $2.00 worth of claims met.

Under this compromise our claims would always be more than fully covered by the assets we were holding and the Italians would have a substantial incentive to pay claims. On the other hand the piecemeal release of claims under this formula would involve difficulties for our Custodian, and the Italians, who have been pressing hard for the immediate release of a substantial bloc of assets, are not very likely to accept it.

Compromise Number Two

10. This compromise also consists of two steps:

(a) The Italian authorities would first implement their undertaking regarding military relief. Immediately they did so our Custodian would take steps to release assets of approximately the same amount.

(b) Canadian claims would then be officially submitted to the Italian authorities for payment. As claims were paid further assets of approximately equal amounts would be released by our Custodian.

It is believed that this compromise would probably be acceptable to the Italian authorities.

11. If either compromise were adopted, and if the Italians did not pay Canadian claims reasonably quickly, we would always be in a position to liquidate the remaining assets and use the proceeds to settle claims.

Recommendations

12. I recommend that:

(a) Continued efforts be made to get a lump-sum settlement. No settlement should be made involving less than $150,000; £62,525; and 600 million lire (as indicated in column 2 of paragraph 7 above). If necessary, the Canadian Government would undertake to return to the Italian Government any surplus if the lump-sum turned out to be greater than the total of valid Canadian claims (paragraph 8 above).

(b) If such a lump-sum settlement turns out to be impossible then a settlement should be accepted along the lines of Compromise Number One or Compromise Number Two above.[64]

L.B. PEARSON

989. DEA/614-H-40

L'ambassadeur en Italie
au secrétaire d'État aux Affaires extérieures

Ambassador in Italy
to Secretary of State for External Affairs

DESPATCH 301 Rome, May 15, 1950

Sir,

I have the honour to report that, following the preliminary examination of Canadian claims, the formal negotiations with the Italian representatives commenced on Monday, May 8. After introductory remarks by Signor [Casto] Caruso of the Ministry of Foreign Affairs, I broadly discussed the lump-sum settlement as instructed in the Cabinet memorandum but without at that time mentioning specific figures. Signor Caruso in turn proposed that Canada should release Italian assets and that Canadian claims under Article 78 of the Treaty be processed jointly by one representative from each country and that a similar procedure be followed for Canadian claims under Article 79.[65]

2. The following day Signor Caruso submitted a memorandum explaining their proposal (copy attached†) and, at the next general meeting on the morning of May 10, this memorandum was considerably amended. The Italians were at least proposing to accelerate greatly their normal treatment of claims, but were insistent on the release of assets within two months. We, of course, objected to this and prepared to

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[64] Approuvé par le Cabinet, le 2 mai 1950./Approved by Cabinet, May 2, 1950.

[65] L'article 78 du traité de paix avec l'Italie porte sur les propriétés des Nations Unies en Italie. L'article 79 traite des propriétés de l'Italie dans le territoire des puissances alliées et associées. Voir Canada, *Recueil des traités*, 1947, N° 4.
Article 78 of the Peace Treaty with Italy deals with United Nations property in Italy. Article 79 deals with Italian property in the territory of Allied and associated powers. See Canada, *Treaty Series*, 1947, No. 4.

propose formally the lump sum settlement in a revision of the memorandum on which we worked in considerable detail.

3. In the meantime examination of claims was continuing and, although there were many minor problems, the claims of the Aluminum companies presented the greatest difficulty and there has been regular contact with their representatives.

4. On the morning of May 11, I sent a letter to Signor Caruso attaching their text as revised by us, (see Annex†) with provision for the lump-sum settlement, but I indicated in the letter that as a concession we would offer to return any balance remaining after the claims found valid had been paid.

5. The third full meeting was held on the evening of May 11 prior to which Signor Caruso, in reply to my above-mentioned letter, had indicated by telephone that they were in fact prepared to consider a lump-sum settlement (without mentioning the return of any balance) and asked for our figures. After stating that our total unscreened claims were now in the neighbourhood of $2,425,000, we started at that meeting with the request for the equivalent of two million dollars, which the Italians felt was too high. After lengthy discussion they proposed that claims under Article 79 (which would be considerably reduced on the confirmation of evidence which had become available) should be dealt with separately and excluded from any lump-sum settlement. Coupled with this they offered to recommend to their Government $500,000 as settlement of Article 78 claims. We refused to consider this offer as adequate and advised Signor Caruso that, although Cabinet had directed a minimum of an equivalent of slightly more than $1,100,000 (lire 600 millions), we might be prepared to recommend to Cabinet the acceptance of the equivalent in lire of one million dollars on Article 78 claims. This concession might well require the claimants under Article 78 to receive less than the two-thirds of the value of their claims permitted under that Article. This is of particular importance to the Aluminum companies whose representatives have indicated their willingness to recommend to the companies the reduction of their claims on the lump-sum to $850,000 (lire 485 millions). These Aluminum companies would have to be prepared to take a further possible reduction of lire 32 millions on the basis of a one million dollar settlement.

6. A fourth and last plenary meeting took place on May 13, which lasted most of the day and at which the Italians stated that they could not, at this time, increase their offer of $500,000 above referred to, but would see if their Government would be prepared to increase it, while they hoped the Canadian government would consider accepting less than the equivalent in lire of $1,000,000 (Canadian). I repeated that I could not possibly recommend less than the latter figure, which, I made clear again, was below the minimum figure authorized by Cabinet.

7. At the suggestion and insistence of the Italians, the meeting was then devoted to the drafting of an agreement in which the lump sum for Article 78 claims was left in blank. This draft is attached hereto.†

8. It was agreed that a minute or "procès-verbal", covering the said draft, would make clear that we had refused their offer of (Canadian) $500,000, (or its equivalent, — it is not quite clear whether or not they withdrew at the final meeting their offer to pay that sum in Canadian dollars), and they had refused my offer to

recommend acceptance of the equivalent in lire of $1,000,000. It would then be for the two governments to seek to breach the gap. Such "procès-verbal" is to record further that I am to recommend that the Canadian Government agree to supply to the Italian Government, upon request, a list of the Italian assets released and of those whose former owners cannot be found or have failed to apply for release. It was pointed out to them by Mr. Stein that the policy of the Canadian Government was opposed to the furnishing of such information to the governments of the former owners. It was also pointed out repeatedly that some assets presently listed as Italian in the Custodian's books might well turn out not to be Italian.

9. There now remains for the Italian and Canadian governments at top level, to endeavour to agree on a lump sum for the discharge of Canadian claims under Article 78 of the Peace Treaty. I feel that nothing more than what is briefly recorded herein could be done, and that no useful purpose would have been served by prolonging these negotiations.

10. Pending the conclusion of an agreement along the lines of the attached draft, or failure to reach any such agreement, it was understood that we should furnish the Italians photostats of the documents they require in support of our Article 78 claims and we would, in collaboration with them, endeavour to secure speedy settlement of the debts or claims not governed by that Article. The latter, it was agreed, were easy to settle in comparison with our Article 78 claims.

11. On the 12th instant, I called on the President of the Council [of Ministers, Alcide] DeGasperi, with Mr. Stein, to introduce the latter, and upon inquiry from Signor DeGasperi as to the nature of Stein's mission, I briefly summarized the negotiations we had been carrying on, explaining to the President of the Council what impasse we had reached. I pointed out the gap between their offer ($500,000) and our minimum asking ($1,000,000), but was careful not to request any intervention of the President of the Council, at the same time expressing the hope we would reach a settlement. This hope was shared by the President.

12. During an intermission at the final meeting of negotiations on May 13, Signor Caruso indicated that he had knowledge of our visit to the President of the Council and he shortly thereafter proceeded to offer to me (privately) to recommend raising their offer to $750,000 (splitting the difference between their offer and our asking). Upon resumption of the said final plenary meeting Signor Caruso reiterated his willingness to raise their offer as just stated.

13. This report was drafted jointly with Mr. Stein and his colleagues of the Canadian delegation, and in our opinion it is an accurate summary of these complex and most arduous negotiations. We wish to record, in conclusion, that we believe we were successful in preserving throughout cordial relations and a fairly pleasant atmosphere.

I have, etc.

JEAN DÉSY

990. DEA/614-H-40

Le ministre des Affaires étrangères de l'Italie
au secrétaire d'État aux Affaires extérieures

Minister of Foreign Affairs of Italy
to Secretary of State for External Affairs

PERSONAL London, May 19, 1950

My dear Mr. Pearson,

I should have liked in the last few days to speak to you about the question of Italian property still in the hands of the Canadian Custodian. However, the pressure of our work has been such that I felt we could not afford to divert our attention from questions strictly connected with the Council.

Now that the work is concluded I feel I can draw your attention on the matter.

The problem was also discussed during Mr. Stein's visit to Rome. It appears that the difference between the amount offered by Italy and that asked by Canada, by way of final settlement, is not considerable. Nevertheless, I wish to tell you that my experts assure me that we cannot depart, to any appreciable extent, from the figure offered, without involving questions of principle, prejudicial to the settlement of similar cases with other countries, and without causing an additional burden to the Italian Treasury. On the other hand, I understand that a solution in the sense of our proposal would not impose upon your Country a too heavy sacrifice.

Canada is one of the very few countries with which we have not, as yet, reached an agreement on the economic questions arising from the war, notwithstanding the good relations existing between us and the common aim of our foreign policy.

As it is our wish to settle this question as soon as possible I shall much appreciate if you will personally look into the matter when you get back to Ottawa with a view to reaching a satisfactory solution.

I shall also be grateful if you will let me know something in due course.

Personally, I give the greatest importance to a most cordial Italo-Canadian agreement in this field because I am leaving London persuaded that in certain cases an intimate contact between Ottawa and Rome may be useful to us both and to our greater allies. We two share this *precious* characteristic: neither too small nor too big. With my best wishes for you personally and for your country.

Cordially yours

SFORZA

991. DEA/614-H-40

Le secrétaire d'État aux Affaires extérieures au ministre des Affaires étrangères de l'Italie

Secretary of State for External Affairs to Minister of Foreign Affairs of Italy

Ottawa, June 23, 1950

Dear Count Sforza,

You wrote to me in London on May 19 about the release of Italian property in the hands of the Canadian Custodian and the related matter of Canadian claims on Italy. I sent you a reply on May 24† in which I said I would look into the question when I got back to Canada. I have now done so and I gather that the amount offered by your officials in Rome, in full settlement of Canadian claims, was less than half the minimum amount to which our experts, who have tried to look into the matter fully and fairly, feel that Canadian claimants are reasonably entitled. This at least was the figure put forward during the course of the negotiations. I understand that one of your senior officials, just at the close of the negotiations, suggested that you might be able to increase this offer by fifty per cent. I assume you have this in mind in saying that "the difference between the amount offered by Italy and that asked by Canada, by way of final settlement, is not considerable".

2. Since our representatives returned from the discussions in Rome they have undertaken to review Canadian claims. These have to be revised from time to time in the light of new information becoming available and, more particularly, in the light of the changes in the valuations that have to be placed on property losses because of changing prices in Italy. When our latest revaluation has been completed, probably within five or six weeks, the matter will be examined again by the Canadian Government and a communication will be sent to your Government through our Ambassador in Rome.

Kindest personal regards,

Yours sincerely,
L.B. PEARSON

992. DEA/614-H-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Italie

Secretary of State for External Affairs to Ambassador in Italy

DESPATCH E-1161 Ottawa, November 29, 1950

SECRET

Reference: Our despatch No. 325 of April 14.†

SETTLEMENT OF CANADIAN WAR CLAIMS AGAINST ITALY

1. You will recall that at the meeting you attended here on September 12, it was decided that negotiations with the Italians to reach a lump-sum settlement of our War Claims would not be re-opened until your return to Rome and that considerable discussion took place concerning the method of dealing with the Aluminum Company Claim.

2. We are making it a particular point in this despatch not to go over the ground covered in the despatch under reference, but of course it includes a lot of the background information which is not mentioned here. For the sake of brevity we are confining ourselves to apprising you with developments which affect the settlement and which have occurred since the Spring negotiations took place.

3. Since your visit here we have had a meeting with officials of the Aluminum Company and it was ascertained that they would accept a minimum of 450 million lire as a settlement with the understanding that there would be no delay in payment. The Company's financial difficulties in Italy were explained to us and we were informed that at the present time the Company is forced to borrow from the banks at a very high rate of interest the funds needed to continue its Italian operations. The Aluminum officials were asked if they would have any objections to their claim being considered separately from the others, i.e. that a lump-sum Agreement would be reached with respect to the other claims and that theirs would be submitted to arbitration in the event that it was impossible to agree on a lump-sum settlement for all claims. We were told that they would not like such a procedure, that their claim was a valid as the others, perhaps more so, and that there was no reason why they should be "discriminated" against. We did point out, however, that since their claim was so much the largest, the best results for all concerned including themselves might result from treating their claim differently from the rest. They then went on to object most strongly to another proposal we had made, i.e. that we might release all Italian assets held by our Custodian before their claim had been completely settled.

4. We are of the opinion that we should be unnecessarily weakening our position if we released the Italian assets before our claims were settled and that we should, therefore, plan to retain at all times sufficient Italian assets to cover unsettled claims.

5. The Bata claim which, as you know, had been submitted on a faulty basis, has now been re-submitted in accordance with the provisions of the Treaty and the present value of the lire. It now amounts to 117 million lire on a two-thirds basis, formerly it was only 5,773,205 lire.

6. For the sake of clarity it has been decided that from now on reference should be made to the lire value of Article 78 claims and the settlement will be discussed in that currency with no mention of a Canadian dollar value. The claims submitted are based on loss and damages calculated in lire and the compensation will be awarded in non-convertible lire. The Canadian dollar value of the lire received or claimed is really only of theoretical interest, and it now fluctuates from day to day. If there is any substantial decrease in the internal value of the lire before our claims are settled, we would be entitled to revise our claims accordingly.

7. The total value of the Canadian claims, under Article 78 including the Bata and Aluminum Company claims, now amounts to approximately 776 million lire after deducting one third as provided for under the Treaty. For the sake of round figures we are going to ask for a settlement of 727 million lire which represents a reduction of about 6 per cent of the net value of the claims. Prior to the negotiations last Spring Cabinet had approved a settlement for a lump-sum. The maximum amount for which we were authorized to reach an agreement was 700 million lire and the minimum, 600 million lire. The exchange rate at that time was 563 lire to the Canadian dollar so the dollar value of the amounts just mentioned was 1,240,000 dollars and 1,100,000 dollars, respectively. You will recall that in Rome we considered that we should not begin by asking for less than 625 million lire. Subsequently consideration was given to recommending to Cabinet the acceptance of 563 million lire — or the then lire equivalent to one million dollars. (All these amounts exclude the one-third value under Article 78 and all of the Article 79 claims). The negotiations broke down because there was too great a difference between the amount we were willing to settle for and that which the Italians were prepared to offer. The highest figure they mentioned officially was the equivalent in lire of 500 thousand dollars, although an offer, never substantiated, was made of the equivalent in lire of 750 thousand dollars.

8. The reduction in the present proposal (from 776 million lire to 725 million lire) is less than the one considered during the Spring negotiations, but since then two factors have intervened which would justify our taking a less liberal attitude. The first is in line with Commonwealth Relations Office Telegram No. B-64 Saving of October 2nd.† It is in our interest to associate ourselves with the continuing insistence of France, the United Kingdom and the United States upon the implementation in full of Article 78 and to avoid accepting any settlement which involves a reduction of more than a nominal amount from the net total of our ascertained claims. This decision on the part of the aforementioned powers to follow a common policy is a secret arrangement which has not been brought to the attention of the Italian Government and is linked with the disposal by IARA of German assets in Italy. The second factor is the recent steady rise in prices in Italy after a year of relative stability. Such a trend if unchecked would affect the valuation of nearly all our Article 78 claims and would work to our disadvantage in accepting a lump-sum settlement.

9. We are attaching a complete list of Canadian Article 78 claims,† actual and potential, showing the lire amounts of the claims as known up to this time, based on two-thirds of the total loss or damage evaluation, and expenses. It will be seen that the total comes to 775,929,471 lire. As previously mentioned, we have decided to settle these claims in return for a lump-sum payment of 725 million lire, a reduction of about 6 percent.

10. Where the amount claimed is left in blank, it means that, to the best of our knowledge no amount has been claimed. This generally arises from the fact that no estimate of loss or damage has been prepared. The amounts involved in these claims are likely to be inconsiderable. You will realize that some of the claims against which a value is shown might be invalid or incapable of completely satis-

factory substantiation. On the other hand some of these claims were submitted when the lire was of greater value than it is to-day.

11. There is one possible Canadian claim for which due to circumstances beyond our control we cannot obtain any evaluation. It is with respect to damage suffered to a large property near Florence belonging to the Executor of the will of the late Sir Alexander MacKenzie. This property has not yet been returned to the owner nor restored as required by paragraphs 1, 2, and 4 of Article 78. This claim figures as No. 39 on the attached list. The damage to the property is very considerable, but the National Trust Company have never submitted proper estimates as they have been unable to obtain restitution. In January, 1949, they submitted a "minimum" figure of 18 million lire. From evidence in our posession such as inventories and statements regarding the pre-war values for insurance purposes, the total damage may amount to 50 million lire at current prices. This possible claim should be held in reserve and specifically excluded from any general settlement.

12. There is still no agreement as to whether or not the Extraordinary Proportional Tax on Property (Part III of legislative decree No. 1131 of October 11, 1947) comes within the scope of paragraph 6 of Article 78 and it is not know whether or not our claimants and other Canadians owning property in Italy might have paid taxes under the other provisions of legislative decree No. 1131. We are thinking of refunds should taxes have been paid under Parts I and II of the decree. Accordingly any claims arising from paragraph 6 of Article 78 should be specifically excluded from any general settlement.

13. It must be made clear when negotiations are taking place that the figures under discussion only relate to claims under Article 78 and exclude debt claims under Article 79. The total of these amounts to about 300,000 dollars and they have been referred to as commercial debts. The amount of 300,000 dollars includes claims for sums due in United States dollars and sterling as well as Canadian dollars. Care must be taken not to lead the Italians to expect the Custodian to release Italian assets held to offset claims under Article 79 should there be a settlement of Article 78 claims and a consequent release of assets. Settlement of Article 79 claims would be dealt with along the lines of Article 2 of the Agreement drafted in Rome last May. You might tell the Italians that we are prepared to settle these claims on the basis of Article 2 if they would let us know what procedure is followed.

14. In regard to arrangements for the release of assets, the position of our Military Relief Settlement with Italy will have to be borne in mind.

15. You should therefore proceed to re-open negotiations with the Italian authorities on the basis described above. The figure of 725 million is a firm figure and we are of the opinion that we should not accept a lesser amount for the reasons that have been given. It is understood that if the Italians agree to such a lump-sum settlement, the Italian assets held in Canada will be released when the payment is made.

16. Considering that the Italians will be presented with a firm figure and your advice that there is no question of negotiating a compromise amount, it is clear that they only have the choice of completely accepting or rejecting our proposal. An

early reply should be passed. We are not sanguine about what the answer will be, but we have promised to make one more attempt to reach a lump-sum settlement. There are now about twenty claims sufficiently documented for presentation to the Italian Government for decisions on their merits and for presentation to a Conciliation Commission, if necessary.

17. If the Italians turn down our proposal, we would like to know the reason and particularly if it is because of the large amount involved in the Aluminum Company claim. Should this be the case, you should enquire if they would be prepared to make a lump-sum settlement of 275 million lire for all the other Article 78 claims excluding the Aluminum Company's of 450 million lire.

18. You should then get in touch with us and we will let you know whether or not to proceed with a settlement. The situation would have to be considered in the light of what is to the general advantage of the claimants. Our decision would be based also on the amount for which the Italians are prepared to settle. We believe at the present time that we cannot entertain acceptance of an amount less than 275 million lire which amount would exclude the Aluminum Company claim, the Sir Alexander MacKenzie Property claim and tax claims under paragraph 6 of Article 78.

A.D.P. HEENEY
for Secretary of State for
External Affairs

CHAPITRE X/CHAPTER X
RELATIONS AVEC L'EUROPE DE L'EST
RELATIONS WITH EASTERN EUROPE

PREMIÈRE PARTIE/PART 1
GUERRE PSYCHOLOGIQUE
PSYCHOLOGICAL WARFARE

993. DEA/6033-40

Note du conseiller en matière de politique au service international de Radio Canada

Memorandum by Policy Adviser to C.B.C.I.S.

CONFIDENTIAL [Ottawa], February 24, 1950

NOTES ON MEETING HELD ON FEBRUARY 24 AND ATTENDED BY MESSRS. ANDERSON AND MACDERMOT, ROGERS AND MCCORDICK

I. *Policy Guidance*

1. The meeting agreed that it was desirable to give the I.S. a statement of the Department's conception of the aims and purpose of the I.S. The I.S. at present considers that its chief aims are

(a) to "put Canada on the map",

(b) to build up an audience informed on and well-disposed towards Canada (note — it would be useful to have a large ready-made audience should the I.S. some day have to be turned into an instrument of psychological warfare), and

(c) to help promote Canadian trade in those regions where trade, goodwill and information are to some extent interlocked.

It is desirable that the Department's statement make clear what other aims should be added to the above. It would seem that the time has now come when consideration should be given to some change in emphasis without sacrificing the I.S.'s deserved and respected reputation for objectivity. News must remain accurate and objective (although the selection of items does provide the means of "slanting" to some extent). However, commentaries and news analyses may be used to a far greater extent than at present as a weapon in the cold war.

2. At present policy is applied negatively in Montreal, i.e., scripts, etc., are examined for inaccuracies and are, in a manner of speaking, censored. In this process it is often difficult to distinguish policy from the personal opinions of the I.S. Policy Section. The positive side of policy must now be built up by providing the I.S. with regular guidance from the Department within the framework of the general aims of the I.S. to be established.

II. *Background Material*

1. It is desirable that the Policy Section of the I.S. and, when necessary, the heads of the Area Sections be provided with some of the background material on which the Department has based its policy recommendations.

2. Mr. McCordick will be able to see all necessary material when he comes to Ottawa, but it will have to be decided in the light of security and the needs of the I.S. what despatches, Foreign Office prints, Departmental memos and documents provided by the Information Research Department of the Foreign Office should go to Montreal.

3. Two security problems arise:

(a) Physical. In Montreal Mr. McCordick will be provided with good locks for his office doors to which only he and Mr. Dilworth will have keys. Cleaning women may enter only when Mr. McCordick is there. (However, the working conditions in the I.S. are such that Mr. McCordick will not be able to lock his door every time he leaves his office.) The I.S. will also supply a good filing cabinet which it is said cannot be opened from behind with a paper knife.

(b) It is not certain to what extent all members of the I.S. can be trusted with confidential material. The meeting agreed, as will be mentioned below, that Mr. McCordick would have to decide in each case what material to show to members of the I.S. other than Mr. Dilworth.

III. *Machinery*

1. *Ottawa.* The meeting agreed that Mr. McCordick should come at frequent though not necessarily regular intervals to Ottawa and that he should be briefed on policy by

(a) reading relevant despatches and memoranda,

(b) talking to Heads of Divisions and other officers of the Department and attending such special meetings as it may be necessary to convene,

(c) receiving from the Department memoranda prepared in various Divisions for the express purpose of providing policy guidance to the I.S.

It should be decided how Mr. Benson can best be fitted into the procedure.

2. *Montreal.* Mr. McCordick will hold policy briefing meetings, usually directly on return from a visit to Ottawa but also at other times if necessary. He will make some general remarks on what he has learnt in Ottawa and on the broader aspects of policy and will then make additional remarks of special interest to the various areas. This will be followed by questions and discussion to clarify doubtful points. Mr. McCordick will have to use his discretion to determine what background material should be provided at this policy meeting, what should be shown separately to the Policy Section of the I.S. and what should be given after the meeting to the heads of the language sections.

IV. *General*

The application of positive policy guidance should have the following results:

(1) Officers of the Department should become accustomed to thinking in terms of the I.S. as an instrument of Canadian foreign policy and to bearing its needs in

mind when reading despatches, writing memoranda and so on. It may at first be burdensome to require Divisions to prepare policy memoranda, but when the Divisions become accustomed to thinking in terms of the I.S.'s aims and needs this should become a less irksome routine.

(2) The negative or censorship side of the Policy Section's functions in Montreal will probably always be necessary but as positive guidance becomes increasingly effective, script writers will be able to produce scripts requiring less and less editing. At the same time the morale of the I.S. should benefit by receiving guidance and evidence of interest from Ottawa to replace the present feeling of isolation and neglect.

It will be seen from the above that policy guidance should assume three forms:

(1) Statement of the Department's view of the general aims and purpose of the I.S.

(2) Regular provision of guidance plus background material. This guidance may be applicable to all languages of the I.S. but more frequently it will probably vary in nature and emphasis for the different programmes.

(3) Specific requests by the I.S. for guidance. Occasions frequently arise when the I.S. needs a directive on short notice dealing with a news item or event which has suddenly come to the fore. It is hoped that when asked by telephone or teletype, the Department will in most cases be able to provide guidance on short notice.

J.A. M[cCORDICK]

994. DEA/9901-8-40

Note du sous-secrétaire d'État adjoint des Affaires extérieures

Memorandum by Assistant Under-Secretary of State for External Affairs

CONFIDENTIAL Ottawa, March 22, 1950

VISIT TO CANADIAN BROADCASTING CORPORATION
INTERNATIONAL SERVICE[1]

On Mr. Dilworth's[2] invitation I visited Montreal on Friday, March 17, to meet the staff of the C.B.C.I.S. and to talk over some of the problems which have come up in connection with the association of the Department with C.B.C.I.S. In addition to conversations with Mr. Dilworth I talked with most of the heads of sections dealing with the various geographical areas to which C.B.C.I.S. broadcasts and I had an opportunity to meet a number of members of the C.B.C.I.S. staff socially at Mr. Dilworth's apartment that evening. The following were the more important points which came up in discussion:

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[1] Note marginale:/Marginal note:
Mr. Heeney[,] E. R[eid]

[2] Ira Dilworth, superviseur général, R.C.I.
Ira Dilworth, General Supervisor, C.B.C.I.S.

Policy Guidance

Mr. Dilworth spoke quite emphatically about the desire of C.B.C.I.S. to receive a written statement of general guidance on policy from the Department. He said that when he had first come to C.B.C.I.S. he had been inclined to feel that there should not be too much interference from the Department. He still believed that so far as the techniques of broadcasting were concerned, these were matters which C.B.C.I.S. would handle for itself but in the present international situation it was essential that they should have a framework of policy to apply. I said that as he was aware a paper of this kind was now being considered in the Department. Mr. McCordick also mentioned this subject and said that as he was advising on policy matters he felt the need of such direction from the Department if he was to do a useful job at C.B.C.I.S.

The sort of situation which arises at present is illustrated by a conversation I had with Mr. [E.A.O.] Koch, the Head of the German Section. He said that in writing his news scripts for Germany he had to touch on such questions as the revival of German nationalism, German unity and the Saar and he would welcome any indication of our views on these questions. He remarked that he gathered that the Canadian attitude was in line with that of French policy over most German problems. He seemed to have derived this view from his impression of General Pope's personal reactions. I told him that it would be a mistake to conclude that the Canadian Government's views on Germany were closer to those of the French Government than they were to those of the United States and the United Kingdom. I was struck by this instance of guesswork on the part of a member of the staff of C.B.C.I.S. Mr. Koch also asked whether it would not be possible for excerpts from the reports of our Mission in Bonn to be forwarded to C.B.C.I.S. as these would give him useful background in his broadcasts.

While C.B.C.I.S. are anxious to receive political guidance I formed the personal impression that the staff were for the most part inclined to favour their present "objective" treatment of news and might prefer it to a more actively "cold war" approach.

Liaison and Information

In addition to the general statement of our policy objectives C.B.C.I.S. would like to receive continuous guidance on particular questions as they arise and also fuller information on questions in the field of foreign affairs which affect their work. These requirements if we agree that they are justified raise the problem of satisfactory liaison. Mr. Dilworth spoke to me about the difficulty at the present time of maintaining regular contact with any one official in the Department who had continuous responsibility for relations with C.B.C.I.S. He said that their Liaison Officer in Ottawa, Mr. [Thomas F.] Benson, found himself dealing with a number of officers in different divisions of the Department no one of whom had the definite responsibility for providing consecutive guidance and information to C.B.C.I.S.

Mr. Dilworth spoke with appreciation of Mr. McCordick's appointment on loan to C.B.C.I.S.

Listener Response

I enquired of the heads of the section what evidence they had of listener response in the areas to which they broadcast. The most satisfactory response appears to come from the Netherlands and Scandinavia. The response is less good from France but the Head of the French Section did not appear dissatisfied. He thought the French were little inclined to comment on radio programs and that there was genuine interest in the broadcasts in the provinces rather than in Paris. The Czech Section reported that for obvious reasons there had been a drastic reduction in letters of comment on the broadcasts since the Communist coup d'état and that with the new restrictions imposed on outgoing correspondence from Czechoslovakia this falling off would increase still further. The Acting Head of the Section added, however, that he was still getting a certain number of letters of comment sometimes posted from Germany and apparently smuggled out from Czechoslovakia. The Head of the German Section said that in addition to correspondence from Western Germany he received quite a number of letters from the Eastern Zone although these were decreasing.

Mr. McCordick tells me that he has now had an opportunity to read a good many of the C.B.C.I.S. scripts. It is his general impression that they contain little or nothing which is objectionable from the point of view of this Department or which reveals a divergence from Government policy. He added that they seemed very "objective" in character and they struck him as rather colourless.

General

I was welcomed very cordially by the staff of C.B.C.I.S. and in particular by Mr. Dilworth himself. They assured me that they would welcome more frequent visits from officers of the Department whose work brings them in contact with that of C.B.C.I.S. Such increased personal contacts do seem desirable. C.B.C.I.S. seems somewhat isolated in Montreal. It is hard for them to be aware of the tendencies of thinking in Government and official circles as they have not the occasion for the daily social and working contacts which they would have in Ottawa. This isolation is perhaps accentuated by the very cosmopolitan character of the staff.

The main possibilities for more satisfactory consultative arrangements between the Department and C.B.C.I.S. seem to be:

(a) the provision as at present contemplated of a written framework of policy guidance for C.B.C.I.S.;

(b) arrangements for giving them some measure of guidance on current policy questions as they arise;

(c) the provision of fuller background information on Canada's external relations so far as this is compatible with security considerations; and,

(d) more satisfactory liaison arrangements to provide for fuller continuity in our relations with C.B.C.I.S.

C.[S.A.] R[ITCHIE]

995. DEA/9901-8-40

Le sous-secrétaire d'État aux Affaires extérieures au directeur général de la Société Radio-Canada

Under-Secretary of State for External Affairs to General Manager, Canadian Broadcasting Corporation

CONFIDENTIAL Ottawa, May 27, 1950

Dear Dr. [Augustin] Frigon:

I know that for some time the International Service has been anxious to receive from the Department more information on Canadian foreign policy in general and our policy in relation to individual countries. We have already taken steps to increase the flow of such information. For the sake of convenience, the material is sent to Mr. McCordick of this Department whose services have been loaned to the International Service; but it is assumed of course that he will keep you fully informed and up to date. Pending the completion of arrangements for the physical security of documents in Montreal, certain papers are set aside for Mr. McCordick to see when he comes to Ottawa. If you wish to have any particular information yourself at any time, we shall be glad to arrange it. When Mr. McCordick returns to the Department, arrangements will be made for the flow of information to continue.

I am aware also that you have frequently expressed a desire to receive an expression of the Department's views on the basic objectives of the International Service; more specific guidance on the policies which the Department thinks should be followed by the International Service in its broadcasts to certain countries or areas; and advice that may be sought from day to day on the treatment of specific situations.

It is, I agree, quite appropriate that you should receive information and guidance from the Department. As you will recall, the Order-in-Council setting up the International Service states specifically that "the work of the Canadian Broadcasting Corporation in this field should be carried on in consultation with the Department of External Affairs." This is formal recognition that short-wave broadcasting by the CBC is to be conducted in close and current co-operation with the officers responsible for the general conduct of Canadian external policies.

So far as current policy objectives are concerned, the view of the Department — put very briefly — is that CBCIS should:

I. project Canada by

(i) explaining Canadian policies and principles and their background, and

(ii) presenting a picture of Canadian life, people, industry etc.;

II. promote Western democratic unity, understanding and friendship, and participate in any movement to these ends which may be organized, for example, within the framework of the Atlantic Pact;

III. participate actively on behalf of Canada in the cold war, and

IV. promote Canadian trade.

The simplest and most obvious grouping of target areas for IS purposes is in two categories: (1) Soviet and satellite; and (2) the free countries of the world. Broadcasts to the Soviet and satellite area would have I and III as their chief objectives, whereas the chief aims of other broadcasts would be covered by I, II, and IV.

In as much as there exists in the world today an inescapable conflict between Soviet imperialism on the one hand, and democracy on the other, active participation in the cold war covers a great deal of ground. In the cold war, as in a shooting war, each side tries to strengthen the morale of its own supporters, win over the neutrals, weaken the enemy. In prosecuting the cold war, therefore, the CBCIS, in the opinion of the Department, should try to encourage the people on our side, win over the waverers in countries where the battle is more closely joined, bring over to our side the neutrals, and get the better of our opponents. It can help to do this in its broadcasts to the Soviet and satellite area by applying objective I above, and by including in objective III the following tasks:

(a) to give an adequate account of what is going on in the world through a news service which is comprehensive, true, and objective;

(b) to strive constantly to identify communism as an instrument of Soviet imperialism;

(c) to appeal to the national self-respect of subject people, without attempting to incite them to revolt;

(d) to unmask the hypocrisy of communist "democracy" in elections, trade unions, labour camps, religion, etc., and the hypocrisy of Soviet "peace propaganda" and its inconsistency in view of Soviet aggressive foreign policy, rearmament and concentration on heavy industry to the detriment of the Soviet standard of living;

(e) to correct misrepresentations, e.g. in the case of the Polish art treasures, where Canadian actions are being grossly distorted by Communist propaganda;

(f) continually to remind listeners living under Communists tyranny that, although we have our social problems of minorities, slums and occasional injustice, we cope with them, as do other democratic nations, by bringing about social change without violence; and that the lives of our common citizens are not dominated by police, arbitrary law decreed by a "Party elite", official kidnapping, "trials" without benefit of justice, and ubiquitous "security" organs who are a law unto themselves.

Although in the non-Soviet satellite area the chief objectives are, as already stated, covered by (I), (II) and (IV) above, there is also some need in certain countries for the application of some of the points given in the preceding paragraph. For example, broadcasts to countries with large communist parties like France and Italy should contain occasional injections of (b), (d) and (f). The implications of (c) should not be neglected, but adapted to show proud peoples what happens when native communists seize the reins of power and then immediately transfer them to the Kremlin's iron grasp. (In this connection much use can be made of the Tito-Cominform dispute, and even of Yugoslav material designed to prove Stalinism a Marxist-Leninist heresy.) Finally, (e) would be of general application.

In this letter I do not propose to discuss Canada's foreign policy in relation to specific countries or areas. This will be done in supplementary notes which are being prepared and which will be forwarded to you from time to time. With regard to economic foreign policy, it is probably unnecessary to provide you with any guidance except in detail as it may apply to specific countries, for the main lines have been clearly and publicly expressed on many occasions. In so far as the detailed promotion of trade is concerned, it is assumed that the International Service has working arrangements with the Department of Trade and Commerce. Concerning immigration policy, I imagine that you have already sought guidance from the Department of Citizenship and Immigration.

Yours sincerely,
A.D.P. HEENEY

2e PARTIE/PART 2

RELATIONS AVEC LES PAYS PARTICULIERS
RELATIONS WITH INDIVIDUAL COUNTRIES

SECTION A

RÉPUBLIQUE ALLEMANDE DÉMOCRATIQUE
GERMAN DEMOCRATIC REPUBLIC

996. DEA/10936-B-40

L'ambassadeur de France
au secrétaire d'État aux Affaires extérieures

Ambassador of France
to Secretary of State for External Affairs

Ottawa, le 6 janvier 1950

Monsieur le Ministre,[3]

Au cours de la réunion qu'ils ont tenue à Paris le 10 novembre 1949, les Ministres des Affaires Étrangères des États-Unis, de France et du Royaume-Uni avaient examiné l'attitude qu'il conviendrait d'adopter vis-à-vis de la « République Allemande Démocratique » instaurée en Allemagne Orientale par le Gouvernement soviétique, et ils avaient décidé de confier à la Commission permanente du Traité de Bruxelles le soin de préparer des recommandations à ce sujet. Ces recommandations devaient s'adresser aux cinq Gouvernements signataires du Pacte de Bruxelles ainsi qu'à celui des États-Unis, et faire l'objet de démarches des six Gouverne-

[3] Note marginale:/Marginal note:
Handed to me by French Ambassador, Jan[uary] 7, [A.D.P. Heeney]

ments auprès des membres de l'Organisation Européenne de Coopération Économique et des États entretenant des missions ou des Consulats en Allemagne.

J'ai été chargé par mon Gouvernement de porter à la connaissance du Gouvernement canadien le texte établi par la Commission permanente, et que vous voudrez bien trouver ci-joint.

Je vous serais très reconnaissant de vouloir bien me faire savoir si le Gouvernement canadien serait disposé à s'associer à l'exécution des recommandations ainsi formulées.

Veuillez agréer, Monsieur le Ministre, les assurances de ma très haute considération.

HUBERT GUÉRIN

[PIÈCE JOINTE/ENCLOSURE]

Texte de Recommandations
préparées par la Commission permanente du Traité de Bruxelles
au sujet de l'attitude à adopter vis-à-vis de la
« République Allemande Démocratique »
instaurée par le Gouvernement soviétique

Les cinq Gouvernements et le Gouvernement des États-Unis sont opposés dans les circonstances actuelles à la reconnaissance de jure ou de facto de la République Allemande Démocratique. Ils souhaitent que tous les Gouvernements qui acceptent ce principe adoptent à l'égard de la « République Allemande Démocratique » une attitude analogue à la leur dans les problèmes suivants qui tous risquent de poser directement ou indirectement la question de la reconnaissance:

1. Relations commerciales entre les Gouvernements intéressés et l'Allemagne de l'Est.

Les opérations commerciales devraient être traitées uniquement par l'intermédiaire d'organisations privées telles que les Chambres de Commerce. Le fait que de telles organisations privées, relevant de nous, puissent traiter avec des organisations officielles comme contre-parties n'implique pas nécessairement la reconnaissance. Dans la mesure où il est nécessaire de discuter les questions relatives à des accords commerciaux avec l'Allemagne de l'Est, les cinq Gouvernements ainsi que le Gouvernement des États-Unis désirent maintenir la situation existant avant la création de la République Allemande Démocratique, c'est-à-dire traiter ces questions par l'intermédiaire de l'autorité soviétique.

S'il s'avérait impossible, dans certains cas particuliers et exceptionnels, d'éviter certains rapports avec l'administration de l'Allemagne de l'Est ceci devrait se faire à un niveau aussi peu élevé et aussi temporaire que possible. Il devrait être exprimé clairement que cette administration de l'Allemagne de l'Est est considérée comme agissant sous la responsabilité gouvernementale des autorités soviétiques d'occupation.

2. Protection des biens des ressortissants.

Les cinq Gouvernements et le Gouvernement des États-Unis estiment que cette protection incombe au Gouvernement soviétique, toujours responsable des actes de la République Allemande Démocratique.

3. Participation du Gouvernement allemand de l'Est dans les organisations internationales.

Les cinq Gouvernements et le Gouvernement des États-Unis sont opposés à une telle participation.

Les cinq Gouvernements et le Gouvernement des États-Unis expriment l'espoir que les Gouvernements intéressés seront prêts à échanger entre eux toutes les informations utiles concernant les difficultés qu'ils pourraient rencontrer dans leurs rapports avec l'Allemagne de l'Est et à procéder à des consultations mutuelles, en vue d'adopter une attitude commune, si ceci s'avérait nécessaire.

997. DEA/10936-B-40

Extrait d'une note du chef de la Direction européenne pour le sous-secrétaire d'État aux Affaires extérieures

Extract from Memorandum from Head, European Division, to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], January 19, 1950

On January 18th Mr. Basdevant, Counsellor of the French Embassy, called on me to discuss the question of relations with the East German régime. Mr. Andrew was also present. This meeting was prompted by a note from the French Ambassador which enclosed a resolution of the Consultative Committee of the Brussels Powers. The resolution laid down a procedure for dealing with Eastern Germany, principally in commercial matters, and the French Government wanted to know if the Canadian Government would follow the same procedure in its dealings with the East German régime. Mr. Basdevant had called as you may remember in response to your suggestion in a note† to the French Embassy that he talk this matter over with us.

2. I told Mr. Basdevant that we had been giving serious thought to this question for some time. We were in general agreement with the principles given in the Brussels resolution but that our commercial relations in Eastern Germany were quite limited and that our principle problems were in matters of an administrative, consular or quasi-diplomatic nature. I cited as an example our need to obtain an interzonal pass from the Soviet authorities to enable members of our mission in Berlin to travel to the western zones. We were concerned that the administration of border control might be handed over to the German "Government". We found that by confining their formula to commercial relations, the Brussels Powers' resolution did not specifically cover the problems with which we were most likely to be faced. The principle, however, could be applied to cover our problem. We had put forward views similar to those contained in the Brussels resolution in London, Washington and Paris and had found no substantial disagreement in those quarters.

3. Mr. Basdevant asked if the U.K. or U.S. had also asked us to subscribe to the Brussels formula. I said the U.K. had informed us of the resolution but had not asked us to comment on it.

4. I told Mr. Basdevant that we recognized the importance of following a common line in this question and that we would consider sending the French Ambassador a note subscribing to the Brussels formula and pointing out that we felt its principles could easily be applied to a wider range of subjects than the problem of commercial relations to which the resolution confined itself. Mr. Basdevant thought this would be very satisfactory.

. . .

T.W.L. M[ACDERMOT]

998. DEA/10936-B-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur de France

Secretary of State for External Affairs to Ambassador of France

LETTRE N° 13 Ottawa, le 1er février 1950

Monsieur l'Ambassadeur,

Me référant de nouveau à votre note n° 2 du 6 janvier 1950 concernant l'attitude à adopter vis-à-vis du régime dit « Gouvernement provisoire de la République Allemande Démocratique », j'ai l'honneur de faire savoir à Votre Excellence que le Gouvernement canadien est entièrement d'accord avec les vues de la Commission permanente du Traité de Bruxelles, exposées dans les Recommandations dont le texte était joint à votre note.

Pour l'instant, le Gouvernement canadien prévoit que c'est sur le plan administratif, consulaire ou quasi diplomatique que les rapports avec les autorités de l'Allemagne orientale sont le plus susceptibles de constituer un problème. Nous nous proposons par conséquent d'appliquer le principe de la responsabilité première du Gouvernement soviétique, incorporé dans votre note du 6 janvier, et le cas échéant de nous adresser d'abord, pour toute affaire de ce genre, aux autorités soviétiques elles-mêmes. Si l'on nous renvoie au « Gouvernement de la République Allemande Démocratique », nous ferons toute démarche de ce côté en nous en tenant au principe établi dans le texte des recommandations quant à la façon de traiter les opérations commerciales.

Veuillez agréer, Monsieur l'Ambassadeur, les assurances de ma très haute considération.

C.S.A. RITCHIE
pour le secrétaire d'État
aux Affaires extérieures

SECTION B

YUGOSLAVIE
YUGOSLAVIA

SUBDIVISION I/SUB-SECTION I

RELÈVEMENT ÉCONOMIQUE
ECONOMIC RELIEF

999. PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET [Ottawa], November 8, 1950

. . .

EXTERNAL AFFAIRS; REPORT ON REQUESTS FOR ECONOMIC ASSISTANCE

24. *The Secretary of State for External Affairs* reported that Canada was faced with an increasing number of requests to provide economic and relief assistance for other countries. To date, there had been participation in the relief for Palestine refugees,[4] the United Nations expanded programme for technical assistance,[5] the Colombo plan for cooperative technical assistance to South and South-East Asia,[6] the United Nations International Children's Emergency Fund,[7] and the International Refugee Organization.[8] In each of these cases, funds had been voted by Parliament for the specific purpose indicated. However, when an emergency developed which it was considered Canada should assist in meeting, there were no funds readily available. It might be possible to vote a lump sum for international relief and economic assistance and leave some leeway concerning its specific apportionment. Probably each demand on the fund should be referred to Cabinet. It was suggested that an interdepartmental committee, composed of representatives of Finance, External Affairs, and other appropriate departments, might study the feasibility of this proposal and report to Cabinet.

At the present time there was a specific inquiry from the United States concerning the Canadian attitude towards provision of relief for Yugoslavia. The crisis there was partly due to the economic blockade by Cominform states and partly to the partial crop failure this year. Near starvation conditions threatened in many areas this winter. Yugoslavia had stated that it needed $121 million in aid, and U.S. authorities appeared to consider this a reasonable estimate. The U.S. Embassy had left with External Affairs on November 6th an Aide Mémoire† which had been

[4] Voir le document 346./See Document 346.
[5] Voir le document 366./See Document 366.
[6] Voir le document 651./See Document 651.
[7] Voir le document 355./See Document 355.
[8] Voir le document 402./See Document 402.

delivered in almost identical terms to other N.A.T.O. members. This asked two questions on which the United States wished a reply by that evening:

(a) whether in the view of the Canadian Government "the immediate increased ability of Yugoslavia to defend itself would contribute to the preservation of peace and the security of the North Atlantic area, keeping in mind the direct importance to the defence of the North Atlantic area of the strategic location of Yugoslavia"; and,

(b) whether the Government of Canada felt able to make a contribution of its own to meet this problem affecting the interests of all the North Atlantic Treaty nations.

(External Affairs memorandum for Minister, Nov. 7, 1950; Minister's memorandum to Cabinet, Nov. 8, 1950 — Cab. Doc. 253-50).[9]

25. *Mr. Pearson* stressed the importance of a strong Yugoslavia to the maintenance of peace, as it was the first communist country to oppose the Kremlin. Furthermore, Yugoslavia had the largest and most powerful army in Europe, outside the Iron Curtain. However, while it was essential to keep Yugoslavia from breaking up, this should be considered as another incident in the cold war and one that might properly be dealt with by the United Kingdom and the United States.

26. *The Prime Minister* suggested that the Canadian public was not likely to regard the situation as one which created a moral obligation on this country to assist.

27. *The Cabinet*, after further discussion, agreed that it be indicated to the U.S. Ambassador that, while the Canadian Government realized the importance of assisting Yugoslavia and considered that the immediate increased ability of that country to defend itself would contribute to the preservation of peace and the security of the North Atlantic area, nevertheless, in view of present commitments it would not be possible for Canada to participate at this time in the provision of relief to Yugoslavia.

. . .

1000. DEA/50004-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], December 14, 1950

The Yugoslav Minister called on me by appointment on December 13 and raised for the first time officially the question of a possible Canadian contribution of foodstuffs to Yugoslavia. Mr. [Rade] Pribičević said that about ten days ago he had discussed this matter with the Right Honourable C.D. Howe, who had informed him that the question was being discussed by the Canadian Government. Mr. Howe was probably referring to the discussions which were held in Cabinet on November

[9] Aucun document n'a été trouvé./Neither document was located.

8 in which it was decided that "while the Canadian Government realized the importance of assisting Yugoslavia and considered that the immediate increased ability of that country to defend itself would contribute to the preservation of peace and the security of the North Atlantic area, nevertheless, in view of present commitments it would not be possible for Canada to participate at this time in the provision of relief in Yugoslavia".

Mr. Pribičevič told me that the economic situation in Yugoslavia had suffered greatly because of the drought and that as far as foodstuffs alone were concerned his country, which in normal years exported a considerable amount of food, now had to import some. He added that the economic blockade by Cominform states had placed a serious strain on the whole Yugoslav economy.

He referred to the assistance already promised by the United States and the United Kingdom and said that such contributions would be of great assistance in alleviating present difficulties; he pointed out, however, that that was not enough to meet the crisis and that any assistance that the Canadian Government could give would be most welcome.

He also emphasized the political difficulties which were created for the Tito régime because of the effects of the droughts. He said that the Yugoslavs were being daily subjected to Cominform propaganda, the leit-motiv of which was that all their present ills were due to the régime of Marshal Tito and that these ills would be cured if they repented and joined the Cominform again. Such arguments were being reinforced by the permanent presence at the Yugoslav frontiers of six Soviet divisions, not to mention the armies of the bordering satellite states.

I asked the Yugoslav Minister how much assistance his Government would expect from Canada. He answered that he had no set of figures but that they would welcome any amount of foodstuffs that could be spared. When questioned as to whether the Yugoslav Government had ever thought of submitting a request for assistance through FAO or ECA, Mr. Pribičevič replied that he was not aware that any such request had ever been made but that he would look into the matter. According to his information, the only two sources of assistance were the United States and the United Kingdom.

I told Mr. Pribičevič that the Canadian Government was already heavily committed in such schemes as the Relief and Rehabilitation for Korea, the United Nations Relief and Works Agency for Palestine Refugees, etc., but that the most sympathetic consideration would, however, be given to Yugoslavia's plight at the present time. I assured him that I would be taking the matter up with you and that, without wishing to raise false hopes, you would certainly give it your most earnest consideration.

I realize that this matter has already been discussed in Cabinet and that a negative answer was given following the United States enquiry concerning the Canadian attitude towards provision of relief for Yugoslavia. I should like to emphasize the point, however, that under present conditions in Europe and under those which we may expect will develop within the next twelve months or so, there is a very strong case to be made militarily as well as politically in favour of providing Yugoslavia with some assistance. Even a token gesture, such as the sending of one ship-

ment of grain, would probably have considerable political value. It seems to me that there is as much, if not more, value in keeping the morale of the Yugoslav army in fighting form as there is in the spending of the equivalent amount of money on our own defence programme. As a matter of fact, the Canadian dollar would probably stretch much farther in that direction.[10]

A.D.P. H[EENEY]

1001. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], December 29, 1950

. . .

ECONOMIC AID TO YUGOSLAVIA

27. *The Secretary of State for External Affairs*, referring to discussion at the meeting of November 8th, 1950, said that the Yugoslav Minister had again raised the question of economic aid from Canada. The United States was furnishing foodstuffs and the United Kingdom was extending credit. Dr. Pribičević had stated, however, that failure to obtain sufficient help to overcome the effects of the drought and the Cominform blockade was a matter of considerable concern to his government as the Cominform countries, which had divisions on the Yugoslav frontiers, were exploiting the economic difficulties and the absence of adequate foreign aid. The Tito régime was of course Communist but, if the position of Yugoslavia deteriorated further and the country, which had a number of army divisions, were taken over, it would be a serious matter. Part of the population was starving, and any assistance through the Food and Agriculture Organization might be too late.

The Minister had been informed that the Canadian position would be reviewed and it seemed, therefore, desirable to have the availability of surplus Canadian foodstuffs studied.

28. *The Prime Minister* felt that direct aid presented difficulties as important sections of Canada considered the Tito régime hostile to Christian civilization. If the government were to furnish direct aid to a Communist country, there would be criticism as to not being sincere in the contention that, in participating in the North Atlantic Treaty Organization, Canada was supporting efforts designed to protect the kind of civilization Canadians wanted. If, however, Yugoslavia made a request to the Food and Agriculture Organization it might be easier to supply foodstuffs through that channel.

29. *The Minister of Agriculture* said that there would be little beyond potatoes and fish products available for provision to Yugoslavia.

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[10] Note marginale:/Marginal note:
Tell P[ribicevic] Min[ister] hopes to see him — Cab[inet] consulted — find re supplies available, if any. [A.D.P. Heeney].

30. *The Cabinet*, after further discussion, noted the report of the Secretary of State for External Affairs that the Yugoslav Minister had asked for a review of the possibility of Canada granting economic aid to that country and that successful resistance of the Tito régime to the Cominform was important, and agreed that, while there were difficulties in the way of direct Canadian aid to a Communist country, it would be desirable to explore further the possibility of Yugoslavia obtaining aid through the Food and Agriculture Organization.

. . .

SUBDIVISION II/SUB-SECTION II

RETOUR AU CANADA DES PERSONNES JOUISSANT DE LA DOUBLE NATIONALITÉ
RETURN TO CANADA OF DUAL NATIONALS

1002. DEA/7541-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa, n.d.]

1. A number of applications for Canadian travel documents have been received by the Legation in Belgrade from Canadian-Yugoslav dual nationals and their dependents who returned to Yugoslavia on the *Radnik* and now wish to come back to Canada. Many of these persons travelled to Yugoslavia on Yugoslav passports. In those cases in which Canadian passports were used they were impounded by the Yugoslav authorities on arrival.

2. Before any of these dual nationals, whether natural born or naturalized Canadians, can leave Yugoslavia, they are required to obtain exit permits from Yugoslav authorities. To assist them to do so a procedure was established in December 1948, whereby the Mission in Belgrade might grant Emergency Certificates of validity restricted to three months in order to provide eligible applicants with Canadian documents which would show the Yugoslav authorities that they were admissible to Canada. Nevertheless so far very few persons have been successful in obtaining permission to return.

3. However, there are now a few cases in which the Minister at Belgrade is seeking authority to issue Emergency Certificates. In these cases it is the practice to make security enquiries before approval is given. In one case . . . [11] it is reported that the applicants, both Canadian citizens by naturalization, were known to be members of a Communist controlled organization before leaving Canada.

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[11] Les noms ont été omis, conformément à la Loi sur la protection des renseignements personnels.
Names deleted in accordance with the provisions of the Privacy Act.

4. The question arises whether anything should be done to facilitate the return to Canada of persons with such records.[12]

5. The following considerations weigh against granting Emergency Certificates:

(i) These persons were known to be members of a Communist organization here. They may now wish to return to Canada only because they are more attached to the Russian than to the Yugoslav school of Communism.

(ii) They ignored the warning contained in the Government's Press release of April 30, 1948,† that Canadian-Yugoslav dual nationals who went to Yugoslavia might be unable to obtain permission to leave that country.

(iii) We do not undertake to afford diplomatic and consular protection to dual nationals while they are in the country of their other nationality and could decline to grant them Emergency Certificates if it were considered desirable.

6. The following considerations tell in favour of granting Emergency Certificates:

(i) The applicants are Canadian citizens by naturalization admissible to Canada as of right even without travel documents. Their citizenship is not subject to revocation on the security grounds adduced.

(ii) Denial of travel documents on security grounds would place these persons in a less favoured position than other Canadian citizens, including the renegades who fought against Canada in the recent war.

(iii) To deny Emergency Certificates would probably destroy any chance there might be of securing exit permits; in other cases, denial of a Certificate to the head of a family group on security grounds applicable to him alone might prevent the whole family group from returning to this country.

(iv) Many persons who contemplated returning to Yugoslavia were assured by Yugoslav officials here that they would be allowed to leave Yugoslavia whenever they wished.

(v) There is evidence that many of those who were sympathetic to Communism when they left Canada have radically changed their views as a result of their experiences in Yugoslavia.

7. In order that these cases may be dealt with I should be grateful for instructions as follows:

Should Emergency Certificates be granted to [those in such circumstances]?[13]

A.D.P. H[EENEY][14]

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[12] Note marginale:/Marginal note:
No—unless we are *certain* that they will bear witness *against* Communism on their return which might then be useful. L.B.P[earson]

[13] Note marginale:/Marginal note:
Only if we are reasonably certain of the change referred to in para[graph] (v) above. L.B.P[earson]

[14] Note marginale:/Marginal note:
There may be an opportunity of mentioning this in Cabinet Thursday. Privy Council are being notified in case you wish to do so. A.D.P.H[eeney]

1003. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], May 4, 1950

. . .

CANADIAN-YUGOSLAV DUAL NATIONALS; RETURN TO CANADA

42. *The Secretary of State for External Affairs* reported that a number of Canadian-Yugoslav dual nationals who had gone to Yugoslavia a year or two ago were now wanting to return to Canada. They had been informed at the time of their departure that they would be incurring the risk of losing their Canadian citizenship, and it had been made clear that the Canadian government could not provide any undertaking with regard to their position in Yugoslavia or their return to Canada. It was proposed that nothing should be done to assist such persons to return except in cases where return of an individual would be useful from the national point of view.

(Departmental memorandum, undated)[15]

43. *The Cabinet*, after discussion approved the recommendation of the Secretary of State for External Affairs concerning the disposition of applications by Canadian-Yugoslav dual nationals for assistance to return to Canada.

1004. DEA/8204-R-1-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], July 11, 1950

A difficult administrative situation arises from the Cabinet Directive of May 4 which provides that in future nothing should be done to assist Canadian-Yugoslav dual nationals to return to this country except in cases where the return of an individual would be useful from a national point of view.

2. It is, as you know, a very well-established practice that a citizen is permitted to leave and return to his own country. The Cabinet Directive does not say that those Canadian-Yugoslav dual nationals will not be permitted to re-enter Canada if they can present themselves at Canadian ports; it does, however, in fact operate to that effect.

3. The people with whom we are here concerned are so far few in number. The present situation arises from the fact that when they went to Yugoslavia they either travelled on Yugoslav passports or their Canadian passports were taken from them on arrival. Prima facie it would seem that if the Yugoslav Government were inter-

[15] Probablement le document 1002./Presumably Document 1002.

ested in their return to Canada for the purposes of spreading anti-Stalinist Communist doctrine it would not create difficulty for them by refusing to return Canadian passports to those who had surrendered them.

4. The administrative difficulties in establishing with any degree of certainty that the return of any of these individuals would be actively in the public interest are very great. Had the Cabinet Directive been posed in negative terms, viz. that facilities (i.e. travel documents) should be refused to those whose return would not be in the national interest, it would be easier to administer.

5. In any event it is almost certain that there will arise complaints of discrimination against individuals and that the Government will inevitably be put in the position of having to refuse facilities to Canadian citizens to return to Canada without being able to disclose any reason for the action taken.

6. It is extremely questionable whether it is possible to maintain a position in which a naturalization certificate remains unrevoked although its holder is to all intents and purposes denied admission to this country. You will recall the effort which was made to maintain such a position with regard to German renegades and which ultimately broke down, the persons concerned being re-admitted to this country. The difficulty is even more pronounced with respect to those Canadian-Yugoslav dual nationals who are natural-born Canadian citizens.

7. Another facet of this problem concerns the wisdom of making some differentiation between Titoists and Stalinists. On the whole the departmental consensus is that there would be some advantage from the Canadian standpoint in taking a more favourable view towards Titoists than we would towards Stalinists.

8. In these circumstances you may wish to discuss this matter again with your Cabinet colleagues or, alternatively, to instruct that the Cabinet Directive be so administered that passports and emergency certificates shall not be issued to Canadian dual nationals in Yugoslavia whose return to Canada would *not* be in the public interest. The procedure which would be adopted would be as follows:[16]

(a) No facilities would be given to those who are known to be Communists of the Stalinist school.[17]

(b) Facilities would be given to Communists of the Titoist school.[18]

(c) Facilities would be given to anti-Communists or to those former Communists who are known to have recanted their faith.[19]

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[16] Note marginale:/Marginal note:
My feeling on this problem is influenced by the fact that these Jugo Slavs, when they left Canada, claimed they were going to a Communist paradise & never wished to return to Canada etc. Well, why should we help them — especially if they are still Communists? [L.B. Pearson].

[17] Note marginale:/Marginal note:
OK [L.B. Pearson].

[18] Note marginale:/Marginal note:
? [L.B. Pearson].

[19] Note marginale:/Marginal note:
Yes [L.B. Pearson].

(d) Facilities will be given, regardless of political affiliation to those to whom the department was already committed before the date of the Cabinet Directive.[20]

A.D.P. H[EENEY]

1005. DEA/7541-40

La légation en Yugoslavie
au sous-secrétaire d'État aux Affaires extérieures

Legation in Yugoslavia
to Under-Secretary of State for External Affairs

LETTER NO. 442 Belgrade, September 21, 1950

SECRET

Reference: Your letter of August 11, 1950.†

TREATMENT OF CANADIAN-YUGOSLAV DUAL NATIONALS

I have considered carefully the above letter, together with the Memorandum to the Minister, dated July 11, which was attached to it. Before considering the proposal that we should attempt here to categorize dual nationals in the manner suggested in Paragraph 8 of the Memorandum to the Minister, I should like to put forward one or two observations which I feel apply to all these dual nationals, whatever their security record. I have put forward briefly in my telegram No. 166 of September 19,[21] some of the considerations which appear to apply:

I. *Naturalized Canadians*

2. Where the Yugoslav Government is prepared to grant Yugoslav passports to dual nationals, together with valid exit permits, we have been placed in the position of refusing to grant travel facilities to persons who have had security records, but who are still Canadian citizens. Where they are still in possession of valid Canadian passports, which have been in effect impounded by the Legation, our action amounts, I presume, to impounding a valid Canadian passport under the powers given by the Royal prerogative. It will be appreciated that where a Yugoslav document and exit permit have been issued and a valid passport still exists, the individual could leave Yugoslavia on the Yugoslav document and enter Canada on the valid Canadian passport. Where we deny Canadian travel documents in cases of this kind the individual has the alternative of entering the Free Territory of Trieste, either by escaping clandestinely from Yugoslavia or by using a valid Yugoslav exit permit. In the event that he arrives in Trieste I find it difficult to see how in law a Canadian travel document can be denied. If this were done I assume that the Allied authorities in Trieste would be entitled in law to deport such individuals either to Yugoslavia or to Canada. It seems unlikely that in cases where an escape has been effected the Trieste authorities would deport them to Yugoslavia. If, therefore, the

[20] Note marginale:/Marginal note:
Who are they? [L.B. Pearson].

[21] Non retrouvé./Not located.

Canadian Government would ultimately have no alternative but to grant Canadian travel documents in Trieste or in any other country to which such individuals might go, then it would appear to me that we are on bad ground in initially refusing either a visa on a Yugoslav travel document or, alternatively, returning to the individual his valid Canadian passport.

3. If this argument is valid both in law and in administrative practice, then it would not appear to me that we are in a position to refuse travel facilities to anyone who obtains the necessary Yugoslav exit permit unless we are prepared to take the further logical step of revoking citizenship. It appears to me that the position is not dissimilar to that mentioned in Paragraph 6 of the Memorandum to the Minister concerning German renegades. However undesirable dual nationals may be from a security point of view, it does not seem that we are on sound ground to refuse travel documents in Belgrade if we are in no position to refuse travel documents once the individual has escaped from the country. In fact, all we are doing is forcing the individual to risk life and limb in escaping to Trieste.

4. If you agree with this point of view, the procedure of categorizing dual nationals in accordance with Paragraph 8 of the Memorandum to the Minister hardly arises except to give guidance to the security authorities on the return of an individual with a bad security record to Canada. I need hardly say that it would be extremely difficult to categorize such individuals as all we would have to go on would be the record of the Canadian security authorities, together with any deductions we are able to make in Belgrade by personal interview with an applicant. Equally we shall only be able to determine whether an applicant has recanted his Communist faith by a similar procedure, which would inevitably be of a somewhat subjective character.

5. In regard to Category A, I feel sure that the Yugoslav authorities are in the best position to determine who are Communists of the Stalinist school and, therefore, unless they slipped up, they would be extremely unlikely to grant Yugoslav passports to persons in this category. In addition, if the Yugoslav authorities know that any dual national is of this particular persuasion, I would expect to find him behind bars rather than in possession of a Yugoslav passport.

6. In regard to Category B, where the Yugoslav authorities grant a Yugoslav passport and exit permit without the intervention of the Canadian Legation . . . ,[22] it seems a valid deduction that they regard such persons as belonging to the Titoist school. In cases where the Legation has intervened officially we may conclude that the individuals fall either in Category B or Category C.

II. *Canadian Citizens by Birth*

7. Whatever the security record of Canadian citizens by birth may be, I cannot see that we are in a position to refuse travel facilities if the Yugoslav Government grants valid Yugoslav exit permits. Most of the individuals in this category were children when they came here and can hardly be held to be responsible for their actions, especially, as it is true in most of the cases, if they came with their parents.

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[22] Les noms ont été omis, conformément à la Loi sur la protection des renseignements personnels. Names deleted in accordance with the provisions of the Privacy Act.

If, however, we decide to grant travel facilities to children and refuse them to their parents, we should be doing the very thing which we have argued with the Yugoslav Government as being undesirable, namely, separating families. You will recall that, especially in the case of prospective immigrants, we have often argued that an immigrant should be allowed to join a husband or family in Canada on humanitarian if not on other grounds. I would, therefore, be somewhat loath to adopt the policy of splitting families or, alternatively, of refusing travel facilities to Canadian-born citizens because the parents have bad security records, thus condemning persons, who would almost inevitably be good Canadian citizens after their experience here, to an extremely difficult life under the present régime.

8. In general I do, of course, appreciate the view put forward in Paragraph 5 of your letter, namely, why should we assist people who are still Communists, who thought they were returning to a Communist paradise. In practice, however, I think it is difficult to apply this principle unless, as I have pointed out above in the case of naturalized Canadians, the Canadian Government is prepared to carry their position to the ultimate logical conclusion of revoking citizenship in all serious security cases.

9. While I shall attempt meanwhile to carry out the instructions in the penultimate paragraph of your letter, I am still not very clear in what type of case the Legation should intervene officially with the Ministry of Foreign Affairs. Meanwhile I am assuming, however, that only those who I am satisfied fall within Category 8(b) and (c) merit our assistance, and even in such cases we should intervene with the Ministry only where the cases seem to the Legation to merit assistance. I also assume that you still wish every case referred to Ottawa before granting travel documents.

10. In regard to the dual nationals in general whom we have examined at the Legation, I am inclined to think that they are either now Titoists or disillusioned Communists. Two or three years of working in this country appears to have a salutary effect on the ideologies of those who have lived in Canada for a number of years. This, of course, is only an impression gained from interviewing various applicants but at the same time I think it is a reasonably valid conclusion.

11. My own preference would be to proceed in all these cases in accordance with the views expressed in Paragraphs 2 and 7 above. I do not take this view out of sympathy for the individuals concerned but merely because I feel we are on bad ground, both in law and practice, in taking any other view.

12. There is one last point . . . [23] namely, that it now appears that the Yugoslav authorities will be unwilling to grant exit visas on Canadian documents. I think, therefore, it would be best to advise dual nationals in future that they should obtain Yugoslav passports with exit permits prior to applying to the Legation for assistance.

13. If the views put forward have merit, I would see the procedure operating as follows:

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[23] Les noms ont été omis, conformément à la loi sur la protection des renseignements personnels. Names deleted in accordance with the provisions of the Privacy Act.

(a) Dual nationals presenting valid Yugoslav passports and exit permits, may be granted Canadian entry visas or, alternatively, Emergency Certificates, unless the Canadian Government decides to take steps to revoke citizenship on security or other grounds.

(b) All Canadian born dual nationals will automatically be granted travel documents (Emergency Certificates or entry visas) on presentation of a valid Yugoslav passport and exit visa, or, alternatively, a written statement by the competent authority that an exit visa will be granted on a Canadian document. Where the parents of an infant (in law) are naturalized, we shall proceed as in (a) in respect of the parents.

(c) Where security considerations arise we shall either recommend revocation proceedings (which I assume would be possible in only very few security cases) or furnish a security report for the assistance of the Canadian security authorities.

(d) The Legation will intervene with the Yugoslav Government on behalf of dual nationals only in cases which fall within Categories 8(b) and (c), and which in addition seem to the Legation to merit assistance.

14. I am forwarding under separate cover the list† requested in Paragraph 6 of your letter.

15. I should be grateful if you would let me know in due course the policy ultimately decided upon.

G.G. CREAN

1006. DEA/7541-40

Le sous-secrétaire d'État aux Affaires extérieures au chargé d'affaires en Yugoslavie

Under-Secretary of State for External Affairs to Chargé d'Affaires in Yugoslavia

SECRET Ottawa, October 5, 1950

Dear Mr. Crean,

Your letter No. 441 of September 21 concerning the treatment of Canadian-Yugoslav dual nationals arrived here at the same time as the enclosed despatch of October 4 was placed on my desk for signature.

After thinking the matter over I have decided to let our despatch go forward to you in its original form. The considerations advanced in your letter will obviously require careful examination and it is likely to be some time before any final answer can be given. In the interim the procedure set out in the attached despatch will provide you with a *modus operandi*. However, for the present no action will be taken to implement the proposal made in the last sentence of paragraph 7 that our

missions be instructed to refer to Ottawa all applications for travel documents from Canadian-Yugoslav dual nationals seeking to return to this country.

Yours sincerely,

[A.D.P. HEENEY]

[PIÈCE JOINTE/ENCLOSURE]

Le secrétaire d'État aux Affaires extérieures au ministre en Yugoslavie

Secretary of State for External Affairs to Minister in Yugoslavia

LETTER NO. C-363 Ottawa, October 4, 1950

SECRET

My letter of August 11, 1950.†

DUAL NATIONALS

In paragraph 7 of the above-mentioned letter it was stated that travel documents might be granted without reference to Ottawa to Canadian-Yugoslav dual nationals with adverse security records in Canada, provided you were satisfied that they were former Communists who were known to have recanted their faith.

2. Further consideration has now been given to this matter and it has been decided that in such cases you should report your findings to Ottawa where each case will be decided on its merits.

3. It will be observed therefore that dual nationals who apply to you for travel documents may be divided into three classes:

(1) Persons who because of our information are not cleared for security (i.e. active Communists). You should grant no travel documents to these persons. If you report that they have become anti-Communists we will reconsider our ruling.

(2) Persons who are not active Communists but have associated with Communist-dominated organizations. We will send to you a report on their activities. You should use any available method of checking their present views and if satisfied that they are now anti-Communist you may issue travel documents.

(3) Persons with no record of association with Communists or Communist dominated organizations. You may issue travel documents if you have no evidence of sufficient importance to warrant referring the case to us.

4. I was interested to learn that the Yugoslav authorities have informed you that they do not wish to affix an exit permit to a Canadian document, but prefer to provide those dual nationals permitted to leave the country with Yugoslav passports in which exit permits will then be inserted.

5. There is no objection to advising dual nationals to apply for Yugoslav passports. I think, however, that if we insert returning resident visas in Yugoslav passports it might be construed by the Yugoslav authorities as a departure from the

stand we have always taken that these persons are considered to be Canadian citizens under Canadian law.

6. If, therefore, you are holding Canadian passports for persons granted exit permits in Yugoslav passports, I should prefer that you return them their Canadian passports, but provide those for whom you do not hold Canadian passports with Emergency Certificates. However, if you consider that there is danger of the local authorities again impounding the Canadian passports returned to persons granted exit permits, you may at your discretion issue Emergency Certificates and send back to Ottawa the passports you are holding for such individuals in order that the documents may be available for return to them after their arrival in Canada.

7. In cases, however, where you are not authorized to issue travel documents you should not hand over existing travel documents in your possession. When we decide that a given Canadian-Yugoslav dual national is not to receive a travel document, he will not be given one should he apply to another Mission outside Yugoslavia. We are issuing a circular instruction that all applications for travel documents from Canadian-Yugoslav dual nationals received at Missions other than yours must be referred to us.

8. You will notice that we make no distinction between Stalinist or Titoist Communists for the purpose of the issuance of travel documents.

[L.B. PEARSON]

1007. DEA/7541-40

La légation en Yugoslavie
au sous-secrétaire d'État aux Affaires extérieures

Legation in Yugoslavia
to Under-Secretary of State for External Affairs

LETTER NO. 496 Belgrade, October 23, 1950

SECRET

Reference: Your letter No. C-363 of October 4, 1950, and your unnumbered letter of October 5.

DUAL NATIONALS

I have noted from your letter of October 5 that you have my letter No. 441 of September 21 under consideration and that meanwhile I should follow the instructions contained in the above letters. There are, however, one or two comments that I should like to make on your numbered letter.

2. I have assumed that under Para. 3(3), where we are satisfied from examination in Belgrade that applicants have no record of association with Communists or Communist-dominated organizations, we may issue travel documents without reference to Ottawa. I should be grateful if you could confirm this interpretation of your instructions since there are, of course, a number of cases on our files which

have never been referred to Ottawa. I have meanwhile interpreted the regulations accordingly. . . . [24]

3. In regard to Paras. 5 and 6, while I can understand your concern that we should take no action which could be considered by the Yugoslav authorities as a departure from our stand that the dual nationals are considered to be Canadian citizens under Canadians law, I think the main point is to get Canadian dual nationals out of Yugoslavia as quickly as possible in cases where you have no objection to facilities being given by the Canadian Legation. I have explained in my letter No. 490 of October 20† my reasons for preferring to give Canadian non-immigrant returning resident visas to persons in the latter category rather than returning valid Canadian passports or, alternatively, granting Emergency Certificates. I feel most strongly that where you have agreed that dual nationals should be assisted in returning to Canada, we should not do anything to complicate their return. I am satisfied from the evidence available to me at the present time that we would do nothing to facilitate the return of such individuals if we return valid Canadian passports or issue Emergency Certificates which will more than likely be impounded by the Yugoslav authorities on leaving Yugoslavia.

4. I should, therefore, be glad if you would leave it to my discretion whether I should return a valid Canadian passport, issue an Emergency Certificate or, alternatively, grant a non-immigrant returning resident's visa in cases which are either approved by Ottawa or fall under Para. 3(3) of the above numbered letter.

5. In regard to the balance of your instructions, I have no comments to make and will endeavour to carry them out in accordance with your wishes.

G.G. CREAN

1008. DEA/7541-40

Note du sous-secrétaire d'État suppléant aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Deputy Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], December 18, 1950

RETURN TO CANADA OF CANADIAN-YUGOSLAV DUAL NATIONALS[25]

You will recall the discussions which took place last May concerning the return to Canada of Canadian-Yugoslav dual nationals. They resulted in a Cabinet directive and subsequent administrative instructions that these people should not be given facilities unless it could be shown that their return to Canada would not be detrimental to the public interest. After some months of experience the difficulties

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[24] Le nom de plusieurs personnes ont été omis, conformément à la Loi sur la protection des renseignements personnels.
Several names deleted in accordance with the provisions of the Privacy Act.

[25] Note marginale:/Marginal note:
Mr. Reid, Please speak to me re this. A.D.P. H[eeney] Dec. 30 [1950].

of adhering to this policy are found to be increasing. The attitude of the Yugoslav authorities towards the release of people in this plight has changed somewhat for the better. It is apparent moreover that our own position in the matter now differs from that of both the United Kingdom and the United States. Evidence of the United Kingdom position is provided by the opening paragraph of Circular V94,† issued by the Passport Control Department of the Foreign Office on October 24, 1950, which states: "It has been decided that for all practical purposes Yugoslavia need no longer be regarded as an "iron curtain" country. The Visa Section in Belgrade has been given authority to grant visas to Yugoslav nationals under the ordinary regulations provided that it is clear that the applicant is not a potential defector". The position of the United States Government is clearly indicated by its action in obtaining from the Yugoslavs the promise of the return to the United States of a considerable number of United States-Yugoslav dual nationals. It is possible that were it not for the directive under which we are now working we could obtain parallel action with regard to Canadian-Yugoslav dual nationals.

2. Our present procedure with regard to Canadian-Yugoslav dual nationals is as follows:

(a) Canadian Passports Emergency Certificates and visas are refused to all dual nationals who were active members of the Progressive Labour Party or leaders in Communist controlled bodies when they left Canada, unless they can show that they have recanted;

(b) Canadian Passports Emergency Certificates and visas are refused to natural-born Canadians as well as to naturalized ones even though large numbers in the former group are children who can hardly be held responsible on security grounds;

(c) No distinction is made between Titoist and Stalinist Communists for travel document purposes.

3. The difficulties to which I have referred are as follows:

(a) It is, in fact, practically impossible for anyone to decide whether or not an applicant for repatriation has recanted his former Communist faith. More than 1,100 Canadians are affected. A great deal of time is being taken at present by Mr. Crean, the Chargé at Belgrade, in interviewing applicants who increase in numbers. In most cases he is satisfied that there would be no security risk but this cannot be stated with any degree of finality.

(b) We are departing from the long established principle that a citizen is entitled to leave and return to the country of his nationality. It seems evident that the United States based their representations to the Yugoslav authorities on the right of a United States citizen to return to the United States.

(c) It is doubtful whether some of those who have been arbitrarily held by the Yugoslav authorities to be Yugoslav citizens are so in fact. Recently the Yugoslavs have shown some willingness to consider "releasing" them from Yugoslav citizenship. If, however, we prevent them from returning to Canada we shall in effect render them stateless in Yugoslavia, although, should they cross the Yugoslav frontiers we shall have no alternative to giving full recognition to their Canadian status.

(d) Our present policy to all intents and purposes debars us from any approach to the Yugoslav authorities on behalf of any of these people. It will be recalled that both the former Minister at Belgrade and Mr. Sinclair spoke personally about these people to Tito who gave assurances, albeit largely unfulfilled, with regard to them.

4. I doubt that a policy of this kind can be made effective administratively unless it is coupled to a more severe policy regarding revocation of citizenship. This aspect of the matter is under consideration and the Minister of Citizenship and Immigration has agreed to its study by a small group of officials. As the Canadian Citizenship Act now stands, however, it is impossible to deal with these particular people by revocation or loss of citizenship before 1953 or 1954. It is questionable too whether revocation would be affirmatively considered by Commissions for Inquiry unless it could be shown at a public hearing that the individuals concerned had not only been Communists in the past but were still Communists at the time revocation was instituted. In any event revocation procedure is not applicable to native-born Canadians and those who served in the Canadian Forces are protected against loss of citizenship.

5. I therefore recommend the following for your consideration.

(a) It is desirable to revert in this matter to the established criterion of citizenship rather than security consideration as the basis for decision on the return of individual Canadian citizens to Canada;[26]

(b) As a matter of administrative practice the following would govern:

(i) All Canadian-born dual nationals would be eligible for travel facilities;

(ii) The recommendation of the Mission would be accepted as to whether or not a dual national by naturalization should be granted travel facilities.

6. Subject to your wishes I shall prepare a memorandum for the Cabinet.[27]

ESCOTT REID

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[26] Note marginale:/Marginal note:
I can't agree to this. L.B. P[earson].

[27] Note marginale:/Marginal note:
I do not see why we should — in principle — assist in any way those Canadians to return to Canada who also have Jugo Slav nationality and who left Canada because of their Communist views. If the Jugo Slav Government can assure us in any particular case that exclusive Canadian nationality is admitted then the situation is different and each such case can be considered simply as that of the Canadian desiring to return. But dual nationals must, I think, be excluded from such considerations. L.B. P[earson].

3e PARTIE/PART 3

RÉTABLISSEMENT DES RÉSIDENTS UKRAINIENS AU ROYAUME-UNI
RESETTLEMENT OF UKRAINIANS RESIDENT IN THE UNITED KINGDOM

1009. PCO

Note du ministre de la Citoyenneté et de l'Immigration pour le Cabinet

Memorandum from Minister of Citizenship and Immigration to Cabinet

CABINET DOCUMENT NO. 110-50 Ottawa, April 4, 1950

CONFIDENTIAL

ADMISSION OF UKRAINIANS (SURRENDERED ENEMY PERSONNEL) FROM THE UNITED KINGDOM

The Cabinet Committee on Immigration Policy at its meeting of December 15/48 considered the admission of Ukrainians from among the 8,000 captured in Italy, in German uniform, subsequently transferred to the United Kingdom and detained there as prisoners of war. Because of their service in the German Armed Forces it was then decided aliens in this group should not be admitted to Canada.

Subsequent to this decision most of these aliens were released in the United Kingdom for employment in a civilian capacity and approaches were made by the United Kingdom as to whether Canada would accept:

(a) A proportion of the fit men who were unsuitable for employment in the United Kingdom;

(b) The long term sick who would be maintained by the Ukrainian community in Canada, and

(c) Disabled men who were suitable for light work.

Ukrainian organizations in Canada have urged the admission from this body of Ukrainian individuals — those who have first degree relatives in Canada and others found to come within the admissible classes.

The matter was considered by the Cabinet on September 13th, 1949, (Cab. Doc. 1037) and it was agreed that the admission of individuals from the group in question should be refused.

Under existing directions, aliens of allied or neutral nationality who served with the enemy forces during the War, are not admitted to Canada unless they can definitely establish such service was rendered under compulsion. The group under consideration served voluntarily in the German Armed Forces.

In view of the change in the Immigration Regulations effective March 28th, 1950 (Orders-in-Council P.C. 1606 and P.C. 1608) permitting the admission of Volkdeutsche displaced persons and refugees who acquired German nationality

subsequent to September 1st, 1939 and German nationals who are first degree relatives of residents of Canada, it is recommended that Ukrainians who were in the United Kingdom as prisoners of war be admitted to Canada notwithstanding their service in the enemy forces, provided that they come within the admissible classes defined in paragraphs 4 (close relatives of Canadian residents), and 5(c) (farm labourers destined to assured farm employment) of P.C. 2743 of June 22, 1949, and otherwise comply with the provisions of the immigration Act.

W.E. HARRIS

1010. DEA/232-L-40

Le sous-secrétaire d'État aux Affaires extérieures au ministre de la Citoyenneté et de l'Immigration

Under-Secretary of State for External Affairs to Minister of Citizenship and Immigration

CONFIDENTIAL Ottawa, May 26, 1950

Dear Mr. Harris,

With reference to our recent conversations, and in the absence of Mr. Pearson, I wish to bring to your attention the results of the enquiries which have been made into the proposed admission to Canada of certain categories of Ukrainians at present in the United Kingdom.

You will recall that Cabinet directed on April 5th that a decision on the matter should be deferred pending a report from the Departments of National Defence and External Affairs. Investigations have now been completed by both the departments concerned as well as by the Royal Canadian Mounted Police. The facts appear to be as follows:

The group of Ukrainians now in the United Kingdom, who in 1947 numbered some 8,000 men, are former members of the 1st Ukrainian Division of the Wehrmacht which they are reported to have joined in the belief that the Germans would honour their promises to create an independent Ukraine. The members of this Division appear to have come from that part of Poland which was annexed by the Soviet Union. Hence they are not regarded by the United Kingdom as Soviet nationals or *quislings* since they do not owe allegiance to any Allied Power and did not collaborate with the Germans during the German invasion of Poland. They did not bear arms against the Western Allies but promptly surrendered to the United Kingdom Forces in Austria at the close of the war.

The proposed Ukrainian immigrants appear to be divided into many groups of a nationalist character. However, there seems to be no connection between these groups and any Ukrainian nationalists organizations in Canada nor is there any indication that at any time they were connected with any Ukrainian or territorists organization that collaborated with the German government in Berlin. Their original cooperation with the Germans was directed to the liberation of the

Ukraine from Soviet domination but they turned against the Germans when it became clear that the Germans intended to occupy rather than liberate the Ukraine. They are known to be strongly anti-Soviet and if admitted to Canada it is likely that they would be absorbed into the various politically passive Ukrainian nationalists organizations here who are regarded as loyal to Canada and opposed to Communism.

In the light of the information given above no objection will be taken by this Department to the admission to Canada of the proposed Ukrainian immigrants and, in these circumstances, I believe you may wish to take up the matter again in Cabinet.[28]

Yours sincerely,

A.D.P. HEENEY

[28] Le Cabinet a approuvé les recommandations dans le document 1009, le 31 mai 1950.
Cabinet approved the recommendations in Document 1009 on May 31, 1950.

CHAPITRE XI/CHAPTER XI
EXTRÊME-ORIENT
FAR EAST

PREMIÈRE PARTIE/PART 1
RÉPUBLIQUE POPULAIRE DE CHINE
PEOPLE'S REPUBLIC OF CHINA

SECTION A
RECONNAISSANCE
RECOGNITION

1011. DEA/50055-B-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 22 New Delhi, January 24, 1950

SECRET

RECOGNITION OF NEW GOVERNMENT IN CHINA

Following for Prime Minister from Pearson, Begins: I was much impressed during the Colombo Conference by number and force of arguments marshalled by the United Kingdom and the three Asian Commonwealth representatives in support of decision taken by their Governments to give early recognition to the new Government in China.

2. All other Commonwealth Governments agree to principle of recognition. For them it is just a matter of timing. If we are to get any advantage out of recognition I think we should avoid being last to do so. My present inclination, therefore, is to recommend on my return to Ottawa that we should, without further delay, recognize the new Government.[1]

3. Bevin pointed to failure of policy of non-recognition of Soviet Government after World War I and said that some of the misunderstanding and suspicion which now existed between the Soviet Union and the West could be traced back to this policy; the United Kingdom had, therefore, decided to recognize promptly and to

[1] Note marginale:/Marginal note:
I prefer to wait Mr. Pearson's return. Effect of recognition here without explanations and perhaps debate in Commons would be bad. L. St-Laurent.

make effort to get along with the new Government. If this policy failed and relations broke down it would not be the fault of the United Kingdom.

4. Nehru said that the Indian people wanted recognition in order to maintain possibility of influencing developments in China. Recognition without some measure of friendliness would be fruitless. While maintaining careful security precautions Nehru argued that best results could be achieved by taking a cautiously friendly policy towards the new Government. Ends.

1012. DEA/50055-B-40

L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Under-Secretary of State for External Affairs

PERSONAL AND CONFIDENTIAL Washington, February 4, 1950

Dear Mr. Heeney:

I am sending forward today in despatch No. 314 a brief review of the situation regarding recognition of the Chinese Communist Government as it appears from here, and should like to supplement this with a few personal comments. To do or not to do at this particular time is obviously a delicate question, and I realize that we have publicly committed ourselves to an early decision. Also, I have no reservations regarding the fundamental soundness of the analysis on which our probable action will be based. Nevertheless, I have an uneasy feeling that we might be better advised to delay our action for a short time, perhaps until the end of March. You are undoubtedly taking into full account the ambiguities and possible difficulties which have appeared in connection with the experience of the British and the Indians in completing their establishment of diplomatic relations. On this score, it would appear to be only prudent to await the complete returns if only as a guide to our own method of approach. These returns may be in very shortly, or it may take a little time for the situation to be completely clarified, but I do think that those of us whose influence, and interests, are not of primary importance in China would be justified in exercising a certain degree of caution and in letting those who have been bold enough to take the first step find out exactly where they are going — or at least how they can get there.

The other thing that worries me slightly is the assessment which should be given to the importance of our timing in relation to Chinese representation on the Far Eastern Commission. This may seem a very minor matter, and one may be inclined to have little sympathy for the tangle in which the Americans have characteristically enmeshed themselves. If, however, we could help to ease a possibly embarrassing situation (and take less risk of jeopardizing our own fund of good will) by means of a brief delay, without seriously affecting our main objective, such a delay might be worthy of consideration.

I offer these comments with some hesitancy, and would not wish to suggest that we do anything which might appear in the light of succumbing to pressure from

Washington. On the other hand, looking at the problem in terms of the popular reaction in the United States, recognition of the Peiping regime by Canada within the next few weeks might be subject to more misunderstanding than we need incur. The provocation to the United States in Peiping and the deliberate flouting of the French in Indo-China are still fresh in the public mind, and a good deal has been made of the undignified situation in which those who hastened to grant recognition are alleged to be finding themselves. The factor of self-interest which largely determined the British initiative among the Western nations is not obvious in our case. For us to take at this particular time what would be considered by many a naive step in the dark would probably result in a variety of misrepresentations.

Yours sincerely,

H.H. WRONG

1013. DEA/50055-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État par intérim aux Affaires extérieures

Ambassador in United States
to Acting Secretary of State for External Affairs

DESPATCH 314 Washington, February 4, 1950

CONFIDENTIAL

Sir:

Recognition of Communist China is a dead issue at the moment in the United States. A month ago one might have been justified in predicting that public opinion could have been conditioned to accept recognition within a period of from three to six months. The seizure of United States consular property in Peiping on January 14th, resulting in the withdrawal of United States officials from China, has eliminated the possibility of any action in the near future, and with the elections coming up in November it is most unlikely that the Administration would consider it politic to raise the question, even if it wished to do so, before the end of the year.

2. There have, however, been a few voices crying in the wilderness, and both Walter Lippmann and Marquis Childs[2] have taken the position that the indefinite postponement of recognition is in reality playing into Soviet hands. According to Childs, "The Kremlin does not want United States recognition of China, which would be the first step in a new policy. Neither does an important and highly articulate section of American public opinion. An unhappy fact in the whole China business is the threat of a prolonged and divisive debate within this country. It is already developing into the kind of emotional dispute that has to do not so much with the realities in Asia as with attitudes and opinions here at home". Lippmann makes the same point, stating that "nothing can suit the Kremlin better than that the

[2] Marquis William Childs, chroniqueur pour United Features.
Marquis William Childs, columnist for United Features syndicate.

non-Soviet powers should be divided, that all the Americans should withdraw from China ... that Mr. Acheson and the State Department should spend hours and hours, days and days, thinking about how to answer Mr. Knowland[3] rather than about what to do next about Stalin". Recent events such as the Peiping incident and the recognition of Ho Chi Minh point clearly, in Lippmann's view, to the conclusion that "the immediate and paramount objective of Soviet policy is to isolate China from the non-Communist world" and at the same time divide the non-Communist world over the recognition issue. (The London *Economist*, in its Foreign Report of January 26, makes a somewhat similar analysis, claiming that the present aim of Soviet policy is to "neutralize" China, along with Germany and Japan.)

3. The pattern and timing of recent actions by Moscow and Peiping would certainly seem to support the Lippmann thesis. Unfortunately, as Mr. Acheson has pointed out, it is difficult to go where you are not wanted, and in any event the United States seems to be the prisoner of its past involvements and present emotions to an extent that leaves the Administration little freedom of decision. To the extent that a split in the non-Communist world has been created, which will last for some time to come, Communist tactics have already been successful. How successful they will be in isolating China — except from the United States — remains to be seen, and that is probably the more important of the postulated objectives, since the split need only be as significant as we wish to make it appear. It is generally assumed that the recognition of Ho Chi Minh by both Communist China and the U.S.S.R. was part of this pattern, and that France has been placed in a position where recognition of the Peiping regime is automatically precluded. It may be, however, that neither of these assumptions is correct. According to the British Embassy, the official French position is that although the situation is embarrassing, the arguments in favour of recognition are still valid, and it is still the intention to act on this basis in due course. With regard to the formal support given by the Russians and Chinese to Ho Chi Minh, there is a case to be made for the interpretation that this was motivated by the internal situation in Indo-China, and primarily designed to bolster Ho on the eve of recognition by the Western Powers of Bao Dai.

4. There also seems to be a good deal of uncertainty regarding the present Netherlands position, which is assumed to be linked closely to the attitude of Indonesia. The odds appear to be in favour of recognition, however, especially in view of the influence which Nehru is expected to exert.

5. If recognition by all members of the Commonwealth is only a matter of time, the countries which will follow the United States may be limited to the Latin American states and the Philippines. Actually, recent statements by Mr. Spender and the point of view expressed by the Australian Embassy here would suggest that Australia, at least, will take a good deal of time in coming to a decision, although the Australian (and New Zealand) position might well be influenced by early recognition on the part of Canada.

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[3] Le sénateur William Fife Knowland (républicain), Californie; éditeur adjoint de l'*Oakland Tribune*.
Senator William Fife Knowland, (Republican), California; Assistant publisher, *Oakland Tribune*.

6. One aspect of the situation which is anything but a dead issue is the relationship of recognition to Chinese representation on international organizations, and it is rather ironical that in this connection the Far Eastern Commission has suddenly assumed an unaccustomed importance. Only two more countries represented on the Commission need recognize Communist China to achieve the required majority of seven, and if this occurs before a decision on representation has been made in the United Nations the situation may be very embarrassing for the United States. The State Department professes to take this question very seriously, since it would involve the seating of a Chinese Communist representative in Washington under the very noses of Congress, a prospect which is viewed with considerable alarm. One way by which the State Department thinks this embarrassment may be avoided is to establish a connection between the Commission and the United Nations, in general terms, and to try to get a gentleman's agreement among the friendly (but recognizing) powers that no decision be taken in the F.E.C. until after the question has been settled in the larger organization. It is doubtful whether this would be feasible. The United Kingdom delegation takes the view that there are insufficient grounds for establishing such a connection, and that if this situation does arise the United States Government can find means of delaying the arrival of the unwanted representative until the crisis has passed. On the other hand, the Australian delegation tends to view the United States position in this matter rather more seriously, and considers it an important factor in the timing of Australian recognition. One thing the Australian delegation has in mind is the reaction here if the majority on the Commission consisted almost entirely of Commonwealth members plus the U.S.S.R. Since this particular aspect of the problem has not come up before, it might be well to take it into account, for what it is worth, in any consideration which is given to the timing of our own action in granting recognition to the Chinese Communist Government.

7. An early decision by Canada would certainly come as no surprise to the State Department, and should have no appreciable effect on our official relations, although we must naturally expect an adverse reaction in some sections of both Congress and the press in so far as any notice is taken of the event. Actually, beyond the suggestion that we might wish to await the outcome of the current negotiations of the United Kingdom and other recognizing powers with respect to the establishment of full diplomatic relations, there has been little or no effort on the part of the State Department to take the initiative in dissuading us from our course. Officials in the Department have, as you know, presented their point of view when the occasion arose, and reduced to essentials it seems to be that the United States will gain more respect and in the long run exert more influence in China by proceeding with caution and as much dignity as can be mustered in the circumstances. With regard to our position, there is a tendency to question our assumption that it is better to act now rather than later if we are to recognize at all,

but, since the first appeal in connection with the Ward case,[4] no suggestion that we would be letting the side down. With respect to Congress and the press, I should imagine that there will be a tendency to construe our action as a misguided tagging along with the United Kingdom, as a result of the Colombo conference, despite the difficulties which the British and the Indians have already encountered in carrying out the "Commonwealth" policy.

I have, etc.
H.H. WRONG

1014. PCO

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], February 16, 1950

RECOGNITION OF THE CHINESE COMMUNIST GOVERNMENT

In accordance with your request, the Memorandum to the Cabinet on this subject does not contain a recommendation. You will recall, however, that the Cabinet, at meetings[5] held on November 16, 1949, and December 20, 1949, agreed in principle to recognition of the Communist Government in China but deferred the question of timing. You may consider that the occasion of your return from Colombo, where you gathered the impression that the political arguments in favour of early recognition outweighed the contrary arguments, presents a suitable opportunity for you to advocate in the House of Commons Canadian recognition of the Peiping Government.

2. If the decision is made to accord recognition, it would be advisable, before taking action, to inform other interested and friendly governments, who have previously consulted us in this matter, of our intentions. It might also be well to defer action for two or three weeks in order (1) to examine the feasibility of closing one or more of the Consular establishments in Canada; (2) to watch the outcome of negotiations between the United Kingdom and India and Peiping over procedural matters with regard to the establishment of diplomatic relations; (3) to afford an opportunity for completion of current negotiations being carried on with Lu Tso-fu, President of the Ming Sung Industrial Company, to strengthen the Canadian claim on title to the ships built in Canada for the Ming Sung Company, under a Canadian bank loan guaranteed by the Canadian and Chinese Governments (default on the loan has occurred).

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[4] Le consul général des États-Unis en Chine, Angus Ward, et son personnel ont été détenu par les autorités communistes chinoises. Voir :/Angus Ward, Consul General of United States in China, and his staff were detained by Chinese Communist authorities. See:/*FRUS*, 1949, Volume VIII, Washington: United States Government Printing Office, 1978, pp. 377ff.

[5] Voir *DREC*, volume 15, documents 1052, 1055./See *DCER*, Volume 15, Documents 1052, 1055.

3. As to the method of extending recognition, when the time has been decided upon, this should probably be by communication to Mr. Chou En-lai as Foreign Minister (referring to Mr. Chou's message of October 1 to the Canadian Government),[6] to the effect that we are extending de jure recognition to the "Central Government of the People's Republic of China"; that we are withdrawing recognition from the Nationalist Government; and that we are prepared to send Mr. C.A. Ronning from Nanking to Peking as Chargé d'Affaires ad interim in order to discuss procedures for the establishment of full diplomatic relations.

A.D.P. H[EENEY]

1015. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 55-50 [Ottawa], February 17, 1950

SECRET

RECOGNITION OF PEIPING REGIME IN CHINA

The "Central Government of the People's Republic of China" was proclaimed in Peiping on October 1st, 1949. The following States have recognized the Peiping regime: Burma, Ceylon, Denmark, India, Israel, Norway, Pakistan, Sweden, Switzerland, United Kingdom, the U.S.S.R. and satellite States and Yugoslavia.

2. It will be recalled that the Cabinet at meetings on November 16, 1949 and December 20, 1949, agreed in principle to the recognition of the Chinese Communist regime but deferred consideration of the question of timing. Arguments for and against extending recognition to the Peiping Government at this time are stated below.

I. ARGUMENTS FOR EXTENDING RECOGNITION

A. *Legal*

3. The Peiping Government has now apparently fulfilled the usual requirements in international law for de jure recognition. It has effective control over most of China, with, it may be expected, a reasonable prospect of permanency: is itself ostensibly free from direct external control; and governs with the apparent acquiescence of the majority of the population. It is the only alternative to the National Government, whose authority is now limited to the islands of Formosa and Hainan. In short, recognition would be recognition of an established situation and would not imply approval of it.

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[6] Voir *ibid.*, document 1047./See *ibid*, Document 1047.

B. *General Political*

4. It is known that the Communists in China are relying today upon the assistance of considerable non-Communist elements. Furthermore, natural points of conflict exist between China and Soviet Russia. The according of recognition and the maintaining of relations by the democratic powers might (1) strengthen the position of the non-Communist elements; (2) encourage conditions favourable to the exploitation of the natural points of conflict between China and Russia by keeping open channels for the infiltration of democratic ideas (through the activities of businessmen, missionaries, etc.) and by making it possible for China to look to the West for the imports necessary for her economic well-being. The democratic powers would apparently stand to gain more if this policy were successful and China were kept from full integration with the Soviet Union than they would lose if it failed.

5. If Peiping wishes to pursue a policy not subservient to the Soviet Union (and there are indications that this may be so), international recognition would increase its bargaining power with Moscow. This may be one reason why the U.S.S.R. would prefer non-recognition. It seems that the policy of Moscow now is to isolate its satellites to the greatest possible extent from all democratic contacts. The U.S.S.R. would presumably wish to do this also with China. Non-recognition would, in this case, be playing the Soviet game.

6. The policy of non-recognition of the Soviet Government after World War I was a failure and was responsible for some of the misunderstandings and suspicions which now exist between the Soviet Union and the West.

7. Canadian recognition would probably make it easier for the United States Government to follow suit in due course, which it inevitably must do.

8. If we do not recognize Communist China and, as will probably happen soon, a majority of the members of the U.N. agencies do, our position will be difficult and embarrassing if Communist delegates are invited to represent China at those U.N. agencies.

C. *Canadian Considerations*

9. If Canada is to derive any advantage from recognition, we should take action before being faced with the necessity of doing so. It is probable that the Chinese Communists will ultimately discriminate against the citizens and interests of non-recognizing powers and force the withdrawal of their diplomatic and consular representatives. This would be detrimental to the activities of the 450-odd Protestant and Catholic missionaries and of Canadian businessmen in China.

10. The Chinese National Government has defaulted on payments of interest and principal of the Sino-Canadian loan of $60,000,000 (1945). The amount of principal and interest on this loan now unpaid is $50,182,674.84. If any part of this outstanding amount is to be paid back, it can only be as the result of re-negotiation with the Communist Government.

II. ARGUMENTS AGAINST EXTENDING RECOGNITION AT THIS TIME.

A. *Legal*

11. The National Government is still in existence in the Island of Formosa.

B. *General Political*

12. It may be argued that China, as a Communist State, is a potential enemy and should not be aided either morally or materially.

13. The United States Government is not yet ready to recognize Peiping; this is due to pressure of Congressional and public opinion and to the anti-United States actions of the Chinese Communists.

14. It is not clear that the Chinese Communist Government is willing to assume the international obligations undertaken on behalf of the Republic of China by preceding governments.

15. The United Kingdom and Indian Governments, after according recognition to Peiping, encountered some initial procedural difficulties with regard to the establishment of diplomatic relations.

16. The Nationalist Government of China continues to be represented in U.N. agencies and the Far Eastern Commission and recognition by Canada of the Peiping regime would, for the moment at least, further complicate the position in these bodies.

C. *Canadian Considerations*

17. Recognition would entail acceptance of Communist diplomatic and consular representatives, who must be expected to exert influence upon the Canadian-Chinese population.

18. Sections of Canadian public opinion might regard recognition of the Chinese Communist regime as signifying approval. Furthermore, Canadian public opinion is susceptible to United States influence (through the media of newspapers, radio, etc.) and the weight of vocal public opinion in the United States is on the whole against extension of recognition at this time.

19. Default has occurred in the loan extended by Canadian banks to the Ming Sung Industrial Company in 1946 to build ships in Canada. This loan was guaranteed by the Canadian and Chinese Governments. Negotiations are under way to strengthen the Canadian claim on title to the ships. It would be advantageous if this could be accomplished before recognition of the Chinese Communist regime.

[L.B. PEARSON]

1016. DEA/50055-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], February 23, 1950

RECOGNITION OF CHINESE COMMUNIST GOVERNMENT

I am attaching a copy of the memorandum of February 16 recommending that recognition be accorded to the Peiping Government in about three weeks time.

2. I discussed with Mr. Menzies and Mr. Campbell your proposal that Cabinet decide now to recognize the Peiping Government but not inform that government of this until Mr. Ronning had been sent up to Peiping to discuss the matter with the authorities there. Mr. Menzies thinks that it is doubtful whether Mr. Ronning could get permission to go to Peiping for this purpose and it is not at all clear on what subjects he could negotiate. The United Kingdom and Indian experience suggests that the best method is to accord recognition and appoint Mr. Ronning Chargé d'Affaires, ad interim and send him to Peiping to discuss with the government there the question of the transfer of the Embassy to Peiping and the change of Chinese representation in Canada. Mr. Ronning does not have the information in Nanking to enable him to discuss assumption by the new government of the Sino-Canadian loan and other obligations. It would appear desirable to assume that as successor government this government would take over all the obligations of the previous government. Negotiations could then take place later when we are able to get full information out to China concerning the items purchased under the loan agreement, etc.

3. In order not to indicate approval of the Communist Government, it is recommended that the government decide not to appoint an Ambassador at this time, although we need not specifically inform the Peiping Government of this intention. This would be in accordance with our practice in Moscow and the eastern European capitals.

4. Administratively, it would be most convenient if the Cabinet could decide now to accord recognition during the week of March 13 or the week of March 20, leaving the exact date to be determined by the Secretary of State for External Affairs. This would give us a target date to aim at in the winding up of outstanding business, enable us to inform other friendly governments of our intentions and have everything ready to inform the Peiping Government and make the public announcement on a fixed date.

E. R[EID]
for A.D.P. H[eeney]

1017. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], February 23, 1950

. . .

CHINESE COMMUNIST-GOVERNMENT; RECOGNITION

24. *The Secretary of State for External Affairs*, referring to discussion at the meeting of December 21st, 1949, said that there were many arguments both for and against extending recognition to the Chinese Communist Government. After giving serious consideration to all the factors involved, the balance seemed to be in favour of extending recognition at an early date. All developments indicated that such an action would have to be taken sooner or later, and from the Canadian as well as the

international point of view there seemed to be every advantage in granting recognition as soon as possible.

It was to be noted that recognition had already been extended to the Peiping regime by the following states — Burma, Ceylon, Denmark, India, Israel, Norway, Pakistan, Sweden, Switzerland, the United Kingdom, the U.S.S.R. and satellite states, and Yugoslavia. The United States had not yet taken any action.

An explanatory note had been circulated.

(Minister's memorandum, Feb. 17, 1950 — Cab. Doc. 55-50; departmental memoranda, Feb. 16 and 23, 1950).

25. *The Minister of Finance* suggested that recognition should not be extended to the Peiping regime until further efforts had been made to minimize to the greatest extent possible Canadian losses arising out of incompleted financial agreements previously entered into either with or through the Nationalist Government.

26. *Mr. Pearson* felt that, if recognition were approved in principle, it might be extended in the latter part of March and possibly at that time it might be made clear that recognition in no way entailed approval of the Communist regime. It was further suggested that, following recognition, our diplomatic affairs in China be conducted by a chargé d'affaires.

27. *The Prime Minister* suggested that final decision in this matter be deferred until a later meeting when the Minister of Trade and Commerce and the Minister of National Defence were present.

30. *The Cabinet*, after considerable further discussion, noted the report by the Secretary of State for External Affairs on extending recognition to the Chinese Communist Government and deferred decision to a later meeting when the Minister of Trade and Commerce and the Minister of National Defence could be present.

1018. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET Ottawa, March 10, 1950

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CHINESE COMMUNIST GOVERNMENT; RECOGNITION

3. *The Secretary of State for External Affairs*, referring to discussion at the meeting of February 23rd, said that a situation might soon arise in one or other of the United Nations organizations that would make it necessary to take action on recognition of the Communist Government of China. There was some risk that the Canadian representative in Nanking, who was accredited to the Nationalist Government, and also the Canadian Consul-General in Shanghai[7] might be asked to leave China if we continued to withhold recognition. If that happened, it might make re-establishment of diplomatic relations more difficult at a later point. It seemed clear that

[7] George Sutton Patterson

isolation of the present Government through general withdrawal of foreign missions was hoped for by the Soviet Government. For these and other reasons, it seemed desirable that decision be taken on Canadian recognition, which might possibly be accorded toward the end of March.

4. *The Prime Minister* pointed out that no country in the Western Hemisphere had as yet granted recognition to the Communist Government. It seemed probable that recognition was inevitable but it seemed undesirable for Canada to take the lead in breaking the stalemate that had developed since the first group of countries had recognized the Communist Government. If a situation developed in the United Nations in which our refusal to recognize the Communist Government appeared to jeopardize Canadian participation in the work of the United Nations, it was clear that recognition should be accorded. However, in the meantime, it seemed preferable that Canadian action should wait on the progress of events.

5. *The Cabinet*, after considerable discussion, agreed that decision as to the recognition of the Communist Government of China be deferred pending further consideration at a subsequent meeting.

. . .

1019. DEA/50055-B-40

Le chargé d'affaires en Chine
au secrétaire d'État aux Affaires extérieures

Chargé d'Affaires in China
to Secretary of State for External Affairs

TELEGRAM 27 Nanking, March 28, 1950

SECRET

Your telegram No. 28 of March 22nd.†

I sincerely hope that decision to extend recognition will be made as soon as United Kingdom has concluded present negotiations in Peking and question of Peking's representatives to United Nations Organization is settled.

2. I am still of the opinion expressed in my telegram No. 173 of November 4th, paragraph 5, only I should have said that benefit to be derived from recognition would be in inverse proportion to "the square" of length of time we delay. China is falling into the embrace of Russia more rapidly than I anticipated.

3. The failure of western nations to recognize the power of the revolution and the strength of the new regime and failure to grant recognition to new Government as soon as it was formed, coupled with the withdrawal of American representatives from China and continued indirect support of Chiang Kai Shek's blockade and air raids, have played into the hands of Russia and created a situation which will take years to rectify. The picture might have been quite different if recognition by Western Powers had taken place prior to Mao's departure for Moscow.

4. The general statements contained in paragraph 2 of my telegram No. 196 of December 28th are still true with two amendments:

(a) Prices seem stabilized and inflation effectively controlled;

(b) There has been an increase in the number of beggars from districts where famine prevails and from districts denuded of grain to support army in military campaigns of last winter.

With greatly improved transportation facilities and increased attention to production of agricultural products, the food problem, which is most pressing now, will probably be solved in a few months. The new regime is in firm control, although there are areas suffering from maladministration due to lack of experienced administrators. Reports from [group corrupt] by reliable neutral observers describe progress and improvement in living conditions of the people.

5. Great preparations are being made for the invasion of Taiwan. In Nanking a railway spur has been built to outer airfield where planes are being assembled by three hundred Russian technicians. Reports state similar preparations are being made in a number of other centres. Wooden seaworthy vessels are being shipped south by rail in great quantities through here.

1020. DEA/5475-EJ-40

Note du sous-secrétaire d'État suppléant aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Deputy Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET Ottawa, March 30, 1950

REPRESENTATION OF CHINA IN THE UNITED NATIONS

The present situation in the United Nations is so unsatisfactory and potentially so dangerous that I believe it warrants a new attempt to secure Cabinet approval for Canadian recognition of Communist China.

2. So long as China is represented in United Nations organs and specialized agencies by delegates of the discredited and virtually defunct Nationalist regime, there is always the danger that the Soviet Union may use this as a pretext for withdrawing finally from the United Nations. I do not myself believe that this danger is imminent. But Mr. Holmes has reported (in a letter to me dated March 21, 1950) that, according to Sir Terence Shone[8] in New York, Mr. Bevin is very apprehensive on this score. Certainly it is a possibility which cannot be entirely ruled out. And it will be agreed, I think, that if the Soviet Union were to withdraw finally from the United Nations, it would be very unfortunate if the break were to come over this issue.

3. More serious, perhaps, is the fact that the presence in United Nations bodies of representatives of the Nationalist Government is bringing the work of the organization closer and closer to a standstill. At any time such a situation would be unfortu-

[8] Sir Terence Allen Shone, représentant suppléant du Royaume-Uni auprès des Nations Unies. Sir Terence Allen Shone, Deputy Representative of United Kingdom to United Nations.

nate, since inevitably it tends to bring the United Nations as a whole into disrepute. The disadvantages of stalemate and inactivity at the present time, however, are even greater than that. Public opinion both here and in the United States is such that it seems necessary to take some initiative towards re-opening negotiations with the Soviet Union. The most convenient and least embarrassing forum for such negotiations is within the United Nations. As matters stand at present, however, it is impossible to pursue with any real hope of success the various initiatives which have been suggested until the position within the United Nations has been regularized. Neither the proposal to hold a meeting of the Assembly in Moscow, not to resume informal conversations on atomic energy, nor to convene an extraordinary meeting of the Security Council at which Foreign Ministers would attend, is likely to be effective either in making genuine progress towards a comprehensive agreement with the Soviet Union or even in convincing opinion in the West that everything possible is being done by their governments to promote such an agreement.

4. The core of the difficulty may be defined by a reference to Mr. Acheson's statement at a press conference on February 8 when he said in words which have since received wide currency, "We have seen also that agreements reached with the Soviet Government are useful when those agreements register facts or a situation which exists, and that they are not useful when they are merely agreements which do not register the existing facts". One of the important facts of the present situation is that China has fallen into Communist hands. Unless this fact is admitted, it is vain, I think, to hope that any progress can be made towards reaching an agreement with the Soviet Union.

5. Further, it is doubtful whether an attempt to re-open negotiations with the Soviet Union before the position of Communist China in the United Nations has been established would be effective in countering the Soviet propaganda line that it is the Soviet Union alone which is prepared to assist in reducing the present tensions. A proposal, for example, to hold informal conversations on atomic energy, possibly under the auspices of the United Nations, on a Five-Power basis excluding China, might create in the public mind the impression that an unfair effort was being made to consider a matter of vital importance without the representatives of the world's most populous nation and at the same time to deprive the Soviet Union in such negotiations of the support which it might properly expect to receive from a country which would be in sympathy with its general point of view.

6. If it is agreed that any of the initiatives which have been suggested are likely to be still-born until Communist China has taken its place in the United Nations, the crucial question is, How can this change best be affected? It now seems clear that, unless a number of additional governments of their own motion decide to recognize the Peking regime, activity within the United Nations will continue to be as completely frustrated as it is at present. We have attempted without success to induce other countries to agree to recognize Communist China simultaneously with ourselves. The United Kingdom have tried in vain to persuade wavering members of the Security Council to vote in favour of seating the representative of Communist China. The Secretary-General has advanced a legal argument which might make such action in the Security Council easier for countries which have not themselves recognized the Peking Government. All to no avail. One other possibility remains

— that the Secretary-General should circularize member governments and invite them to state whether they would be in favour of seating the representatives of the new Government in Peking. This tactic has not yet been tried and it may be that at some point it should be attempted. There are strong reasons, however, for thinking that it would be ineffective. Countries which have not yet recognized the Peoples' Government in Peking would very probably either abstain in such a plebiscite or indeed not answer the Secretary-General's communication at all.

7. In these circumstances, it seems clear that the only positive action which the Canadian Government can itself take to create a more normal state of affairs within the United Nations and so to set the scene for a resumption of negotiations with the Soviet Union, is to announce its recognition of the People's Government in the hope that such action would be followed by other governments and would result before many weeks in a change of Chinese representation within the United Nations. Sooner or later the Canadian Government will recognize the new regime in Peking. The present situation in the United Nations argues strongly, I would urge, for recognition sooner rather than later.

8. If you agree that there is merit in this line of reasoning, I would suggest that the most appropriate moment at which to raise the question in Cabinet again would be early next week, after you have been in New York yourself and are able to speak with personal authority about the present paralysis within the United Nations.

E. R[EID]

1021. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 135-50 [Ottawa], May 4, 1950

SECRET

CHINESE COMMUNIST GOVERNMENT — RECOGNITION

It will be recalled that at previous meetings the Cabinet agreed, in principle, to recognition of the Chinese Communist regime, but decided to give further consideration to the question of timing. The easy conquest of the Island of Hainan by Chinese Communist forces has made more apparent the inability of the fugitive National Government to continue effective resistance.

2. One of the main reasons for hesitancy in the matter of Canadian recognition of the new regime in China has been the difficulties and delays in which the United Kingdom has become involved, after according recognition, while negotiating in Peiping for the establishment of full diplomatic relations. The Canadian Government would not wish to be placed in a similar embarrassing position.

3. In order to avoid this, it is suggested that a different approach to the problem might be made. Our representative in China (Mr. Ronning) might make an oral communication to the appropriate official in Nanking to the effect that:

(i) he had been instructed by the Canadian Government to inform the responsible Chinese authorities that consideration was being given to the simultaneous announcement of recognition of the Central Government of the People's Republic of China and agreement between the two governments to exchange diplomatic missions;

(ii) he had been authorized to proceed to Peiping to discuss in advance questions which might be raised by the two governments in this connection;

(iii) the Canadian Government would first wish to know whether such a procedure would be agreeable to the Peiping authorities.

4. Mr. Ronning would be asked to seek assurance in advance of recognition that the Peiping Government would assume obligations (itemized in Appendix A) which the Nationalist Government had undertaken in its relations with Canada. The only modification would be a reduction of $10 million in the loan that the Nationalists spent for military equipment.

5. By this method of approach our representative in China would have a certain amount of bargaining power in his hands when he proceeded to Peiping. It would not, of course, mean immediate recognition, even if the Peiping regime should agree to the suggested procedure, since some time would be necessary to carry out the negotiations. Moreover, the Peiping authorities would undoubtedly raise questions of their own, but some of these might be anticipated, having already been taken up with other recognizing governments.

6. It is recommended that our representative in Nanking be instructed to approach the Chinese Communist authorities on the subject of relations with the Peiping regime, in the manner outlined in paragraph 3 above. A further report would be made to Cabinet on the results of the preliminary negotiations.

[L.B. PEARSON]

[APPENDICE A/APPENDIX A]

MATTERS WHICH MIGHT BE DISCUSSED WITH PEIPING AUTHORITIES BY MR. RONNING

It is considered that Mr. Ronning might take up the following points with the Peiping authorities:

(a) The Canadian announcement of recognition, when and if that was finally agreed upon, would designate Mr. Ronning as Chargé d'Affaires a.i. and would include withdrawal of recognition from the National Government in Formosa.

(b) Canadian representatives would be instructed to support resolutions in international bodies calling for the seating of Peiping representatives, provided the proper procedures in making application were followed and that the body was competent to determine its own membership.

(c) The Canadian Government would be prepared to accept a diplomatic mission in Ottawa and a Consulate General in Vancouver, representing the Peiping Government, and to guarantee them the usual privileges.

(d) The Canadian Government would expect facilities for the transfer of the Canadian Embassy from Nanking to Peiping and the usual privileges attached to the work of a diplomatic mission and to that of a Consulate General in Shanghai.

(e) The Canadian Government, having long accorded Chinese citizens in Canada general freedom of travel, residence and carrying on their legitimate occupations, would expect reciprocal treatment for Canadians, in China, in accordance with the provisions of the 1944 Treaty for the Relinquishment of Extra-territorial Rights.

(f) The Canadian Government would expect the Peiping Government to assume responsibility for approximately $40 million of the Sino-Canadian loan of February 1946,[9] being that portion which has used for the purchase of items in Canada other than military equipment.

(g) The Canadian Government would expect the Peiping Government to take over the guarantee of credit of $12,750,000 extended to the Ming Sung Industrial Company for the construction of vessels in Canada.

(h) the Canadian Government would be prepared to enter into normal commercial relations with the new government in China and for this purpose would be prepared to grant most-favoured-nation treatment to Chinese imports in Canada, in exchange for reciprocal rights and privileges in China, as provided in the commercial modus vivendi signed in September 1946.[10]

1022. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET Ottawa, May 4, 1950

. . .

EXTERNAL AFFAIRS; RELATIONS WITH COMMUNIST CHINA

14. *The Secretary of State for External Affairs*, referring to discussion at the meeting of March 10th, said that one of the main reasons for hesitancy in Canadian recognition of the Communist regime in China had been the difficulties and delays which the United Kingdom had experienced, after according recognition, while negotiating in Peiping for the establishment of full diplomatic relations. In order to avoid placing Canada in a similar embarrassing position, it was suggested that the Canadian representative in China might make an oral communication to the appropriate official in Nanking to the effect that the Canadian Government were giving consideration to the question of a simultaneous announcement of recognition of the Central Government of the People's Republic of China, and agreement between the two governments to exchange diplomatic missions, and that before he proceeded to

[9] Voir Canada, *Recueil des traités*, 1946, N°. 20./See Canada, *Treaty Series*, 1946, No. 20.
[10] Voir *ibid.*, N°. 37./See *ibid.*, No. 37.

Peiping the Canadian Government would wish to know if such a procedure would be agreeable to the authorities there.

The Canadian representative would be asked to seek assurance in advance of recognition that the Peiping Government would assume obligations which the Nationalist Government had undertaken in its relations with Canada. The only modification would be a reduction of $10 million in the Canadian loan, representing the amount spent by the Nationalist Government for military equipment.

It was felt that by this method of approach our representative to China would have a certain amount of bargaining power in his hands when he proceeded to Peiping.

An explanatory memorandum was circulated.

(Minister's memorandum, May 4, 1950 — Cab. Doc. 135-50).

15. *The Minister of National Defence* suggested that it was unlikely that the Peiping Government would agree to such terms. From our knowledge of the Communist attitude and mentality, he felt that there was a possibility that they would be rejected. It was also possible that the Canadian representative might be expelled from China. This would prejudice our relations with the Communist regime in the future and would put us in an embarrassing position when Communist China was recognized by a majority of the members of the United Nations.

16. *Mr. Pearson* said that we could either proceed in the manner suggested, or recognize the Peiping Government unconditionally. If our terms were rejected, we would maintain our present position. When general acceptance of the Communist regime occurred we would be acting as part of a group and our position would not be prejudiced by virtue of an early rejection which would probably by that time be largely forgotten.

It was questionable how long the Canadian representative would be permitted to stay in Nanking without recognition by Canada of the Communist regime. If he were expelled, then there would be no chance of informal discussions.

17. *Mr. Pearson* felt there was some possibility that the Communists would accept the Canadian terms if we made the attempt. However, he suggested we might avoid some of the dangers and yet reap some of the benefits of the course suggested if the Canadian representative were instructed to have an informal talk with the senior Chinese official in Nanking, without any sort of commitment, indicating that one of the reasons why Canada had hesitated in the matter of recognition resulted from doubt as to the stand the Communist regime would take with regard to a number of related matters. When we had a report of this conversation, we might be in a better position to decide what further action, if any, should be taken.

18. *The Cabinet*, after further discussion, agreed that the Canadian representative in China approach the senior Chinese official in Nanking in order to determine, on a completely informal basis and without commitment, the stand that the latter's government were liable to take with regard to obligations which Canada would require of the Peiping Government before considering recognition.

. . .

1023. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 166-50 [Ottawa], June 13, 1950

SECRET

CHINA — RELATIONS WITH PEKING GOVERNMENT

Canadian Proposals

As a result of the decision taken by the Cabinet on May 4, the Canadian representative in China, Mr. C.A. Ronning, was authorized unofficially to ascertain the reaction of the Foreign Nationals Bureau to the suggestion that informal discussions might be held in advance of a possible simultaneous announcement of Canadian recognition and of the establishment of diplomatic relations between Ottawa and Peking. Mr. Ronning indicated that the preliminary discussions might include both procedural matters (in connection with the establishment of relations) and certain other substantive matters, such as reciprocal treatment of citizens, commercial modus vivendi and acceptance of responsibility for the non-military portion of the Sino-Canadian loan.

Peking's Attitude

2. Peking's attitude towards these proposals, as conveyed to Mr. Ronning, is as follows:

(a) The Ministry of Foreign Affairs would welcome a Canadian representative to Peking, if the Canadian Government would "formally indicate its desire to recognize."

(b) Only preliminary and procedural matters should be discussed before recognition; the other points raised by Mr. Ronning should be taken up after the establishment of diplomatic relations.

3. The conclusion therefore is that, while the proposals made as a result of the Cabinet's decision of May 4 have not been fully accepted, nevertheless Peking does concede that negotiations might be undertaken on procedural matters and agreement reached *prior* to the announcement of recognition. This means that we should not be subject to the difficulties in which the United Kingdom was involved after extending recognition.

Future Action

4. We are now faced with the alternatives of permitting Mr. Ronning to proceed with preliminary procedural negotiations in Peking or of taking no further action now and playing for time. It would not seem wise to reject Peking's proposal outright. The following considerations may be adduced in favour of authorizing Mr. Ronning to state orally to the Peking authorities that the Canadian Government is

prepared to announce recognition of the Central Government of the People's Republic of China, when agreement has been reached on the establishment of diplomatic relations:

A. *Political*

(i) In recognizing the Peking Government soon the Canadian Government would do its part in resolving the dangerous deadlock existing in the United Nations over the question of Chinese representation. If action to this end is not taken soon it seems unlikely that it would have time to have effect before the meeting of the General Assembly. Canadian action in the near future would be only one of several factors now pointing towards the solution of the crisis. Mr. Bevin has recently announced that the United Kingdom is in favour of the admission of the Chinese Communist representatives. Moreover, there have been indications that France and Egypt (both members of the Security Council) are contemplating extending recognition to Peking. Such an action by either of these countries would mean the creation in the Security Council of a majority of states which have recognized the Peking Government. The United States has already announced that it would accept a majority decision of the Security Council on this matter.

(ii) Independent action now by Canada would counter propaganda that Canada is merely a satellite of the United States.

(iii) This course is strongly urged by both our representatives in China, Mr. Ronning in Nanking and Dr. Patterson, the Consul General in Shanghai.

(iv) Intelligence sources agree that the fall of Formosa appears imminent. If we were to recognize only after the final extinction of the refugee Nationalist Government, we should probably find the Communists much more difficult to deal with.

(v) No useful purpose would now be served by insisting on prior discussion of the substantive questions tentatively raised by our representative in Nanking (see Para. 1 above). Mr. Ronning's opinion is that Peking would never agree to deal with these matters before the establishment of relations. This is consistent with Peking's attitude towards other powers. With regard to acceptance of responsibility by Peking for the non-military portion of the Sino-Canadian loan, it is encouraging to note that foreign exchange has been made available by Chinese Communist officials to the Ming Sung Industrial Company Limited for the servicing of the loan extended to the company by Canadian banks.

5. It is recommended, therefore, that Mr. Ronning be authorized to state orally to the Peking authorities that the Canadian Government is prepared to announce recognition of the Central Government of the People's Republic of China, if and when a satisfactory agreement has been reached on the establishment of diplomatic relations, and that the Canadian Government is willing to send him to Peking for preliminary negotiations. In the course of such preliminary negotiations, Mr. Ronning might be authorized to state that:

(a) The Canadian announcement of recognition would designate him as Chargé d'Affaires a.i., and would include withdrawal of recognition of the Nationalist Government in Formosa.

(b) The Canadian Government would be prepared to accept a diplomatic mission in Ottawa and a Consulate General in Vancouver, representing the Peking Government, and to grant them the usual privileges.

(c) The Canadian Government would expect facilities for the transfer of the Canadian Embassy from Nanking to Peking and the customary privileges attached to the work of a diplomatic mission and to that of a Consulate General in Shanghai.[11]

[L.B. PEARSON]

1024. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET Ottawa, June 21, 1950

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CHINA; RECOGNITION OF PEKING GOVERNMENT

23. *The Secretary of State for External Affairs*, referring to the discussion at the meeting of June 14th, 1950, reported on recent developments. The Canadian representative in Nanking had recently been served notice that taxes would have to be paid on Canadian Government property in that city for the year 1949. A payment of approximately $400 in U.S. funds was required before June 25th. Inasmuch as Canada had not yet recognized the Peking regime, it was felt that the taxes should be paid, but under protest.

(External Affairs memorandum, June 20, 1950)†

In so far as recognition of the Peking Government was concerned, it was suggested that the Canadian representative in Nanking be authorized to state orally to the Peking authorities that the Canadian Government was prepared to announce recognition of the Central Government of the People's Republic of China, if and when a satisfactory agreement had been reached on the establishment of diplomatic relations, and that the Canadian Government was willing to send him to Peking for preliminary negotiations. During such negotiations, Mr. Ronning might be authorized to state:

(a) that the Canadian announcement of recognition would designate him as Chargé d'Affaires a.i., and would include withdrawal of recognition of the Nationalist Government in Formosa;

(b) that the Canadian Government would be prepared to accept a diplomatic mission in Ottawa and a Consulate General in Vancouver, representing the Peking Government, and to grant them the usual privileges; and

(c) that the Canadian Government would expect facilities for the transfer of the Canadian Embassy from Nanking to Peking and the customary privileges attached to the work of a diplomatic mission and to that of a Consulate General in Shanghai.

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[11] Décision reportée par le Cabinet le 14 juin 1950./Decision deferred by Cabinet, June 14, 1950.

24. *Mr. Pearson* reported further that the United Kingdom had now decided that it would vote for the unseating of the Nationalist Government delegate when this question was next raised at the Economic and Social Council.

25. *The Minister of Agriculture* felt that in order to avoid unfavourable domestic reactions, it might be preferable to withhold recognition of the new regime until such time as recognition became virtually inescapable.

26. *The Prime Minister* pointed out that if the Canadian representative in Nanking were authorized to open negotiations as recommended, the Government would have to be prepared to extend recognition reasonably soon after successful conclusion of such negotiations, whether or not at that time the Peking regime had been recognized by a majority of Western countries.

27. *The Cabinet*, after considerable further discussion, deferred decision on recognition of the Central Government of the People's Republic of China until a meeting early the following week.

. . .

1025. DEA/50055-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], July 4, 1950

RELATIONS WITH PEKING GOVERNMENT

The attack on the Republic of Korea by North Korean communist forces has added complications to the question of relations with the Peking regime in China. Public opinion would probably not be favourable to the opening of negotiations with Peking at this time. The alternatives open to us would seem to be either to defer a decision on relations with the Peking Government until the issues of the Korean crisis have become clarified, or to decide that recognition is now impossible, owing to the North Korean aggression, and to withdraw our officials from China.

2. The following arguments appear to me to weigh heavily against withdrawing from China at this time:

(i) The interests of Canadian missionaries and businessmen in China would be left without protection for an indefinite time.

(ii) Canadian property in Nanking would probably be confiscated, resulting in the loss of a considerable investment.

(iii) It would probably be made very difficult for us to return to China in the future, should we desire to do so.

(iv) There is as yet no evidence of China's complicity in the North Korean action. It should be remembered that North Korea is a closely integrated puppet state,

apparently subject to direct Soviet orders, which China ostensibly is not. Peking leaders have assailed the United States for its action with regard to Formosa, but they have said very little about Korea. It is indeed very possible that Peking does not approve the Soviet-inspired Korean action, since it has resulted in United States protection being given Formosa and rendered infinitely more difficult the fulfilment by Communist China of its avowed purpose to gain control of what is considered to be a Chinese island. In other words, this may well be an unpalatable demonstration to Peking that Soviet and Chinese interests in the East are not always compatible.

(v) The main thesis upon which the principle of remaining in China had been accepted is still valid, i.e., that it cannot further the interests of the democratic countries to ignore the existence of 450 million Chinese; that to combat communism in the East the democratic powers should maintain and deepen their contacts rather than abrogate them. The game would seem to be worth the candle, as far as China is concerned, so long as the degree of intimacy between China and the Soviet Union remains uncertain. Withdrawal by the Western Powers would probably be consonant with Soviet hopes. It is not inconceivable that one of the motives of the Soviet-inspired move by North Korea was a desire to draw harder and faster lines between China and the democracies. Prime Minister Nehru has counselled against the danger of placing the Korean action in faulty perspective and allowing the issues in other parts of the East to become obscured as a consequence.

(vi) The only apparent solution to the deadlock in the United Nations is for Communist China to be seated. I would suggest that the responsibility for making this solution impossible should not be taken by the Western powers. As you observed at your recent press conference, it might have been preferable had Russia been participating in the United Nations at the time of the Korean attack, so that the Soviet Union would have been forced to take a public stand on the matter of the Korean aggression and would have been unable to lurk in the background.

3. For the above reasons it might be desirable to delay taking a decision regarding our affairs in China until

(i) The immediate crisis in Korea is over,

(ii) Communist China's attitude towards the Korean action becomes clearer, and

(iii) Peking's reaction to the United Kingdom's most recent expression of views regarding recognition is known. (You will recall that the United Kingdom Chargé d'Affaires had been instructed to query Peking as to whether they sincerely desired the establishment of diplomatic relations.)

4. Mr. Ronning might be informed of our reasons for deferring a decision. He might also be instructed that, if questioned as to the reasons for delay in proceeding with negotiations, he might indicate to the local officials, on a personal basis, that the Canadian Government found it necessary to consider the implications of the attack on the Republic of Korea and was examining anew, in the light of this occur-

rence, the whole situation in the Far East; the Government therefore had not yet been able to take a decision regarding recognition.[12]

5. The tone of recent telegrams from Mr. Ronning has suggested that he may be suffering some mental strain, as a result of the prolonged period of waiting in Nanking in uncertain circumstances. It might be desirable to send a personal message to Dr. Patterson in Shanghai, asking for his opinion as to Mr. Ronning's health and ability, from that point of view, to remain longer in Nanking. We might also seek Dr. Patterson's reaction to the possibility that, if it were decided to withdraw Mr. Ronning for health reasons, he (Dr. Patterson) might be asked to obtain permission from the authorities to go to Nanking to take over as officer in charge. If Mr. Ronning were to return for health reasons, it would be necessary, I think, either to send a successor to Nanking or else to recall all our officials from China. To withdraw Mr. Ronning without sending a successor would be interpreted by Peking as a definite closing of the door to recognition. Under these circumstances conditions would, I imagine, be made intolerable for Dr. Patterson and Mr. Ballachey[13] in Shanghai.

A.D.P. H[EENEY]

SECTION B

CONTRÔLE DES EXPORTATIONS
EXPORT CONTROLS

1026. DEA/11045-C-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

DESPATCH 655 Ottawa, March 7, 1950

SECRET

Sir,

I have the honour to refer to Canadian policy on exports to Communist China of potential war material. As you know, this material has been considered in three categories:

arms and ammunition;

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[12] Note marginale:/Marginal note:
Mr. Menzies, Minister agrees with course recommended — pl[ease] proceed accordingly. July 4 [1950] A.D.P.H[eeney].

[13] Frank George Ballachey, troisième secrétaire et vice-consul, Shanghai.
Frank George Ballachey, Third Secretary and Vice-Consul, Shanghai.

machinery and its components and material used primarily for military purposes (United States 1A list); and
machinery and its components and materials that may be used for both civilian and military purposes (United States 1B list).[14]

2. We now completely prohibit the export to Communist China of munitions and 1A materials, and shall continue to do so, but the Department of Trade and Commerce here has been receiving various enquiries from firms who wish to ship to China goods which come under the United States 1B list.

3. Shipments to Eastern Europe of materials on the 1B list have been allowed if such shipments have been part of normal trade, if the quantities are reasonably normal, and if the Department of Trade and Commerce has reasonable assurance that these exports are in fact destined for civilian and not military use. Our criteria for approving such shipments to China will remain the same as that for shipments to Eastern Europe. To some extent, these criteria will have to be applied to shipments of strategic materials to Hong Kong, as there is much trans-shipment to Communist China from Hong Kong. The quantities of materials normally used by Hong Kong will be determined so that we may have some idea of what proportion of goods shipped to Hong Kong is actually trans-shipped to Communist China.

4. Taking into consideration however the slighter possibility of trans-shipment of these goods to the U.S.S.R. from China and the probability that China will be an important market for products of Japanese heavy industry, officials of Trade and Commerce will be less strict in their interpretation of these criteria when considering shipments to Communist China.

5. It seems likely, therefore, that, in our method of control of exports to China, we will not, for the time being, follow United States practice as closely as we have in dealing with other problems of export control; our practice in this instance will probably be more similar to that of the United Kingdom.

6. I understand that the United Kingdom and the United States have been discussing a joint approach to France, Belgium and the Netherlands regarding prohibition of the export to China of strategic materials in the United States 1A list; that the United Kingdom have agreed to co-operate with the United States and the Netherlands on the questions of control of exports of petroleum to China, and that they have agreed to watch the quantities of shipments to China of goods which are on the 1B list.

7. We were informed by the Canadian Ambassador in Washington that there was some difference of opinion between the United Kingdom and the United States on the wording and form of the communication which should go to the three European Governments concerning the prohibition of exports of the 1A items, and I note that at the Paris meetings in January on the control of exports to Eastern Europe, the delegates of the United States and the United Kingdom stated that they were not in a position to discuss export controls to China.

8. I should be glad to have from you some indication of the progress the United Kingdom and the United States are making in these informal approaches and of the

[14] Voir le document 950./See Document 950.

present United Kingdom practice with regard to shipments to China of items on the 1B list.

I have, etc.
A.F.W. PLUMPTRE
for Secretary of State
for External Affairs

1027. DEA/11045-C-45

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

DESPATCH 568 London, March 15, 1950

SECRET

Sir,

I have the honour to refer to your despatch No. 655 of March 7th concerning policy on exports of potential war material to Communist China.

2. A member of my staff has taken up the questions raised in your despatch with Mr. A.E. Percival, the Under-Secretary at the Board of Trade concerned with Far Eastern matters.

3. Since the talks between the United States and United Kingdom involve several Departments Mr. Percival is consulting with them regarding the present position before giving us a progress report. He will let us have something on this aspect of your inquiry within the next few days.

4. On the manner in which the United Kingdom are administering the 1B list in respect of Communist China, Percival states that their practice is the same as for the Eastern European countries. They are keeping a watch on the volume of shipments of 1B goods to China, but are not controlling individual shipments. If it appears that such shipments from the United Kingdom are abnormally large, they will consult with the other countries to ascertain whether their shipments of the same commodities to China are also excessive. If it develops that the aggregate of shipments is larger than the normal Chinese intake, it may then be necessary to transfer the commodity to the 1A list and prohibit its export to China while also bringing exports to other destinations formally under control. Alternatively, Percival suggests that in those circumstances the solution may be not to prohibit further shipments altogether, but to set a ceiling for further shipments to China from all the participating countries and then possibly to allocate that maximum amount among the participants. In any event, no case of an apparently abnormal volume of shipments has so far arisen. Meanwhile the ordinary "watching" procedure is being followed in the case of all 1B exports to Communist China.

5. Percival indicated that some unpleasantness had developed with the United States recently over proposed shipments of steel rails to China. The United Kingdom were allowing their firms to tender on the Chinese order since rails are not on the 1A list and the order appeared to be of reasonable size. At the same time Western German firms were being prevented from tendering for the reason that the United States requested the German authorities to regard these rails as though they were on the 1A list. As a consequence there were rumours in Washington that the United Kingdom were taking advantage of the Germans. The United Kingdom position, however, was that if a commodity was to be considered as on the 1A list it should be put on that list in order that Governments might know where they stood in relation to one another and in relation to their own firms. So long as a commodity remained on the 1B list it had to be treated in the same way as other 1B commodities. Eventually the United States authorities appear to have relented, and to have allowed the Western German firms to tender for at least 15,000 tons of the total of 50,000 tons of rails which the Chinese were after. Apart from this incident, according to Percival, the procedure with respect to Communist China has been working reasonably satisfactorily.

I have, etc.
A.E. RITCHIE
for High Commissioner

1028. DEA/11045-C-40

Le premier secrétaire de l'ambassade aux États-Unis au chef de la Direction économique

First Secretary, Embassy in United States, to Head, Economic Division

SECRET Washington, June 2, 1950

Dear Wynne [Plumptre]:

We are sending up by tomorrow's bag a despatch on the subject of the joint approach of the United States and the United Kingdom to France, Belgium and the Netherlands regarding the control of exports to China.

2. After the meeting with the State Department officials on this subject I had lunch with Willis Armstrong, Associate Chief, Economic Resources and Security Staff, Office of Transport and Communications Policy, who you may have met in Ottawa when he was up in connection with the general problem of export control procedures. He has just returned from Europe, and while in Paris talked with the Chairman of the Coordinating Committee of the Paris group on export controls, who told him that the Danish representative had recently complained that there seemed to be a United States block on this subject, since the representatives at Paris of both Canada and Italy seemed to follow the United States policy right down the line and never expressed any independent points of view. Armstrong suggested, purely personally, that this may have a somewhat unfortunate effect in the Paris discussions, and that it might not be a bad idea if, on occasion, we were ready to

take a somewhat different stand from the United States — provided, of course, we had any reason for doing so. I only mention this because I thought his comments might be of some interest, and because it would appear from your despatch No. 655 of March 7th to London that we do have a different approach from that of the United States in connection with the control of 1B items to China. This, of course, will probably have no bearing on the Paris discussions with respect to China, since I believe they are generally limited to prohibited items only.

3. During the course of the meeting in the State Department I raised the question of the position of Japan, and it was admitted that this may create a certain amount of difficulty. The inclination of the United States is obviously to use SCAP's authority to apply United States policies on both 1A and 1B items in connection with exports from Japan to Communist China. It can be expected that, insofar as the 1B list is concerned, this will not be too popular with the Japanese, who are in the position to build up a fairly substantial trade with the Chinese, particularly in the field of transportation equipment. There have already been reports of Japanese dissatisfaction with United States policies in this regard. It is expected, however, that eventually the control of 1B items from Japan will probably be equated in practice to the policies adopted by the United Kingdom and Western European countries rather than those of the United States.

4. Another question which concerns us is the nature of our relationship at this stage to the informal agreement between the United States, the United Kingdom, France and Belgium on export controls to China, since we are actually carrying out these controls but have not been mentioned in connection with any of the discussions with the European group. I do not know whether this is of any importance or not, but you might wish to let us know whether we should be kept out of the picture until such time as the subject is introduced in the wider Paris group.

Yours sincerely,

RALPH COLLINS

1029. DEA/11045-C-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

DESPATCH 1405 Washington, June 2, 1950

SECRET

Sir,

I have the honour to refer to your despatch No. 656 of March 7th† requesting information regarding the joint approach of the United States and the United Kingdom to France, Belgium and the Netherlands in connection with the control of exports to China, and to my WA-597 of March 9† on this subject.

2. We are now informed by the State Department that the joint approach was finally made early in April, and that favourable replies have been received. The United States Embassy in London has been instructed to coordinate with the Foreign Office final arrangements for putting into effect the informal agreement on controls between the five countries concerned. The United States also expect to obtain agreement on exchange of information regarding shipments to China of a selected group of items from the United States 1B list.

3. It is anticipated that the controls on exports to China, which will cover the list of items now denied to certain Eastern European countries as a result of the Paris meetings, will be put in force by France, Belgium and the Netherlands within the next few weeks. The question of extending the number of countries exercising such controls will then be brought before the consultative committee of the Paris group. Approaches will also be made to Indonesia and Indo-China. At the request of the Netherlands authorities, the approach to the Indonesians will be made by the United States and the United Kingdom, but Indo-China will be handled by the French.

4. The United States has also undertaken the responsibility of seeking the co-operation of the Philippine Government in this respect. The difficulty has been that specific legislation will be required in the Philippines before export controls can be imposed, and there is some apprehension regarding the security problem thus presented. It is hoped, however, that this can be avoided by phrasing the proposed legislation in rather general terms and arranging for the specific controls through consultation with the United States, in such a manner that it will not be necessary to disclose the full range of the United States 1A list.

5. You will recall that there has been a difference of opinion between the United States and the United Kingdom on the subject of the export of prohibited items to areas controlled by the Chinese Nationalist Government, the United States adopting the position that such exports should be licensed, after careful scrutiny, where it serves the interests of one or more of the co-operating Governments to do so. Although this will continue to be the policy of the United States, it is our understanding that France, Belgium and the Netherlands will probably follow the United Kingdom.

6. We shall be obtaining a copy of the final text of the informal memoranda presented by the United States to France, Belgium and the Netherlands, and shall forward this as soon as it is received. It is also expected that we shall be having further discussions with the State Department in the near future regarding their present policy in connection with control of the export of 1B items to China. It would be appreciated, therefore, if you would let us know whether we should at this stage mention to the State Department our own policy with reference to the 1B list as outlined in your despatch No. 655 of March 7th to the Canadian High Commissioner in London, and whether there is any further information on this subject that we might usefully pass on to the United States authorities.

I have, etc.

GEORGE IGNATIEFF
for Ambassador

1030. DEA/11045-C-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

DESPATCH E-2032 Ottawa, July 13, 1950

SECRET

Reference: Your Despatch No. 1405 of June 2nd.

CONTROL OF STRATEGIC EXPORTS TO COMMUNIST CHINA

1. You informed us that, early in April, the United States and the United Kingdom had asked France, Belgium and the Netherlands to agree to control strategic exports to Communist China.

2. We would also be interested to know whether or not the United Kingdom, in fact, did approach Portugal in regard to controlling exports to China through Macao. (In paragraph 3 of your Teletype WA-3538 of December 31st, 1949, you mentioned that there was a possibility of such an approach being made.)

3. You have asked whether or not you should mention to the United States authorities our own policy with regard to the United States 1B list as outlined in our Despatch No. 655 of March 7th to the Canadian High Commissioner in London. As you know, control over exports of 1A and 1B materials is exercised by our Department of Trade and Commerce which has informed us that, despite our statement that we might not be as strict as the United States in controlling strategic exports to China, in actual practice there is very little or no difference between our attitude and that of the United States regarding such exports. We are, however, not anxious to finally commit ourselves with respect to these items and we believe that we should not make a point of informing the United States that there is any possibility of our policy on 1B exports to China differing from theirs.

4. As a matter of fact, the United States officials will by now have gathered that we are not as firm on this point as they are. The United States delegates to the Paris Co-ordinating Committee on Exports of Strategic Materials requested, on July 7th, that all members immediately control exports of goods on munitions list, List I and List II, to China and North Korea in the same way as they control similar exports to Eastern Europe. We reserved our position on the export to China of goods on the international List II for the reason mainly that merchant ships appear on this list and the process of transferring the Ming Sung ships from Canadian to Communist Chinese registry is still continuing. Copies of relevant telegrams, No. 273 of July 7th† from Paris and No. 258 of July 8th† from Ottawa to Paris are being forwarded to you by air bag.

LOUIS COUILLARD
for Secretary of State
for External Affairs

1031. DEA/11045-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

DESPATCH 572 Paris, July 20, 1950

SECRET

Sir,

I have the honour to refer to your telegram No. 262 of July 4† and to previous correspondence concerning the United States request that the countries participating in the Paris talks on export control apply the international controls to North Korea and Communist China on the same basis as to Eastern Europe. This question was discussed again at a meeting of the Co-ordinating Committee on July 17.

2. All the participating countries reported that they are now enforcing International Lists I and II and the Munitions List against North Korea. In the case of Communist China, France, Germany, Italy and Norway had previously accepted the applications of these lists, as reported in my telegram No. 279 of July 11†; and the Netherlands did so at the meeting on July 17. Canada's position (as notified in your telegram No. 258 of July 8†) was not considered by the Co-ordinating Committee as constituting a reservation of any importance, and in fact, it was felt that our present policy of scrutinizing International List II exports, with a view to preventing trans-shipment to Korea, carried out the present List II policy of the Group. The United Kingdom made no commitment on International List II, but agreed to enforce International List I and the Munitions List for exports from Hong Kong, Singapore and the United Kingdom itself to Communist China. Denmark has however not yet reached a decision on this subject.

3. The Netherlands delegate while accepting the application of these controls for his country for the present, stated that his government did not consider the Co-ordinating Committee the appropriate organisation through which to enforce restrictions against Korea as the Korean situation fell within the jurisdiction of the United Nations. In addition, he said that the Netherlands did not view the subject of China as a part of either the Korean or the Eastern Europe problems.

I have, etc.

R.M. MACDONNELL
for Ambassador

1032. DEA/11045-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en France

Secretary of State for External Affairs
to Ambassador in France

TELEGRAM 273 Ottawa, July 26, 1950

SECRET. IMMEDIATE.

Reference your No. 294 of July 24th.† Export controls to Eastern Europe.

1. Canada has already placed a complete embargo on all shipments to North Korea, and this was announced by the Minister of Trade and Commerce on July 21st.

2. With respect to the control of exports of petroleum products to Communist China, in view of the reports of the United Kingdom that part of the oil supply to North China has gone to North Korea, we are prepared, for the duration of the emergency, to refuse export permits for any oil shipments to Communist China. In order to avoid any impression on the part of Communist China that we regard them as overtly committed on the side of the North Koreans, we do not propose to give any publicity to this decision concerning exports of petroleum to Communist China, and would appreciate this view being put forward in the Co-ordinating Committee.

3. We received from London information concerning the reasons for the United Kingdom decision to interrupt oil supplies to China. We should have been able to give you a reply sooner, had you given us this information in your No. 294 of July 24th.

4. We are also prepared to consent to the embargo on oil shipments to all other Soviet-dominated destinations, with a similar provision that there should be no publicity concerning this embargo.

1033. DEA/11045-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

DESPATCH 630 Paris, August 1, 1950

SECRET

Reference: Your telegram No. 273 of July 26.

EXPORT CONTROLS — CONTROL OF OILS

1. At meeting of Co-ordinating Committee on July 28 all participating countries signified their acceptance of the joint United States-United Kingdom proposal for the embargoing to all Soviet-dominated destinations of the following petroleum products (reference our telegram No. 294 of July 24† and our despatch No. 593 of July 26†):

(a) Crude Petroleum

(b) Motor Fuel

(c) Diesel Oil (all grades)

(d) Fuel Oil

(e) Kerosene

(f) Lubricating Oils and Greases.

These items are therefore now on International List I.

2. Your provision that no publicity be given to these measures met with the approval of all the delegates, and the Chairman pointed out that as far as the Co-ordinating Committee was concerned, no publicity would, of course, be given to this decision.

3. With reference to paragraph 3 of your telegram, we regret that we were unable to give you the detailed reasons for the United Kingdom decision to interrupt oil supplies to China, but this information was not made available to the Coordinating Committee. The only reason given to the Committee for this proposal was the recent developments in Korea.

4. We were interested to learn from paragraph 1 of your telegram that Canada had already placed a complete embargo on all shipments to North Korea, as we had not previously been informed of the Minister of Trade and Commerce's announcement of July 21.

5. In conclusion, we should like to emphasize that the Co-ordinating Committee has now accepted the application of International List I and the Munitions List to North Korea and Communist China as well as to Eastern Europe (reference our despatch No. 572 of July 20), Denmark having now accepted this principle. The same principle applies in the case of International List II, except that Canada has made a reservation and the United Kingdom no commitment on the application of List II control to Communist China. In view of this it is now difficult for delegations to propose that items for Communist China be treated differently from items for Eastern Europe. Any item now discussed for embargo (and for quantitative control within the limits of the Canadian and U.K. reservations) is assumed by the Committee to have application to all Soviet-dominated destinations, which at the present is interpreted as U.S.S.R., Eastern Europe, North Korea and Communist China. Since the Committee has unanimously agreed to apply the embargo of International List I to this area as a whole it must always be borne in mind that a decision to add an item to that list automatically cuts off shipments to Communist China.

R.M. MACDONNELL
for Ambassador

1034. DEA/9030-40

Note du chef de la Direction économique pour le sous-secrétaire d'État aux Affaires extérieures[15]

Memorandum from Head, Economic Division, to Under-Secretary of State for External Affairs[15]

CONFIDENTIAL [Ottawa], December 9, 1950

TRADE WITH COMMUNIST CHINA

Three days ago the United States introduced a drastic extension of its restrictions on exports to China, including Hong Kong and Macao. The new policy (as I understand it) includes the following points:

(a) No goods of any sort may now be exported through United States ports to China. The goods that flow through United States ports include:

(i) Goods originating in the U.S.;

(ii) Goods originating in Canada (or Mexico) and moving by land to U.S. ports; and

(iii) Goods arriving by sea in U.S. ports en route to China.

You will note that Canadian exports may be affected by (ii) and (iii).

(b) No goods on the United States "positive list" may be shipped in United States vessels to China regardless of the point of origin. The positive list includes both strategic materials and also goods in short supply which have been under export control in the United States. Canada is not directly affected by this provision because our export controls were already pretty closely in line with those in the United States.

2. A major policy question arises: Should Canada follow the United States in banning all exports to China?[16] As you know it has been our policy to keep closely in line with the United States on all matters of export control. Only by doing so have we been able to avoid a cumbersome mass of export controls all along the Canadian-American border. I am told by Mr. Newman of Trade and Commerce that he thinks Mr. Howe will raise this question in Cabinet next week. I suggested to him the desirability of discussions in advance between officials of our two Departments. He readily agreed that this should take place. It would appear desirable to form a view on this matter within our Department before discussions with Trade and Commerce.

3. In the meanwhile Trade and Commerce are having to take immediate action in regard to Canadian exports. This is precipitated by the fact that already at least one Canadian shipment has been held up in a United States port. This runs directly

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[15] Note marginale:/Marginal note:
The Minister to see and return: I have asked Plumptre to consult Norman and Reid and produce recommendations which will take account of political factors (e.g. our unwillingness to get involved in any "limited war" policy). Dec[ember] 9, A.D.P.H[eeney].

[16] Note marginale:/Marginal note:
No. L.B.P[earson]

contrary to administrative arrangements built up between the United States and Canada in past years and running back into World War II. We have always maintained that, as long as we were willing to work out with the United States common policies on export controls and to implement these policies in a parallel fashion, the United States officials should honour Canadian export approvals. A sudden change of policy in the United States was no excuse for failure to honour these approvals. The proper procedure was for the United States to discuss policy changes in advance with the Canadian authorities.[17] Hence the Department of Trade and Commerce is vigorously protesting the holdup of the particular Canadian shipment to China.[18]

4. However, it is expected to take a week or two at least before Trade and Commerce can iron out these administrative difficulties. Meanwhile Canadian policy regarding exports to China must be reviewed and the situation brought under complete control. Up to the present China has been under "area control" by the Department of Trade and Commerce. This means that all goods to that destination require export permits but a wide range of ordinary civilian goods has been moving not on special licences but on an open general licence. Trade and Commerce are planning to revoke immediately this general licence so that all goods will have to move to China on specific licences. In addition they are planning to instruct the holders of all outstanding specific licenses to submit them for re-validation in Ottawa.[19]

A.F.W. P[LUMPTRE]

P.S. Since I spoke to you about this I have confirmed that our export controls *do* give us power (in almost all cases) to prevent re-export to China of any goods shipped into Canada from U.S.A.[20]

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[17] Note marginale:/Marginal note:
I agree. L.B.P[earson].

[18] Note marginale:/Marginal note:
Good. [L.B. Pearson]

[19] Note marginale:/Marginal note:
While should not, of course, export goods to China in present circumstances which would assist them in their intervention in Korea, we should not, in my opinion *cut off all trade* with China unless and until UN takes action against Peking which would make such a course appropriate and necessary. L.B.P[earson].

[20] Note marginale:/Marginal note:
Mr. Plumptre, Pl[ease] see Minister's comments. I assume you will be putting our views to T&C and that they will let us know if and when question is to be raised in Cabinet. A.D.P.H[eeney], Dec[ember] 10.

1035. DEA/9030-40

Le sous-secrétaire d'État aux Affaires extérieures
au sous-ministre du Commerce

Under-Secretary of State for External Affairs
to Deputy Minister of Trade and Commerce

Ottawa, December 12, 1950

Dear Mr. Mackenzie:

EXPORTS TO CHINA

Last week your Department recalled all outstanding export permits to China and changed your regulations so that in future all exports to that country would require individual permits and none would move on general licence. This administrative change has been reported in the press as a change of Canadian policy; it is suggested that we followed the United States in placing an embargo on all exports to China.

2. I was very glad to learn today that no change of policy was intended. Indeed, as I understand it, your administrative changes are designed to ensure that legitimate Canadian exporters to China do not run into difficulties such as they would now experience if they tried to send their goods through American ports.

3. My Minister would be opposed to a complete embargo for political reasons. Such a step would constitute a measure of deliberate economic pressure which in our opinion would tend to aggravate the present very delicate situation. As you know, our views on these matters are fully shared by United Kingdom authorities although they are not fully shared by the United States authorities.

4. You will agree that before any change of this drastic character is undertaken by Canada it would require the most careful consideration by Cabinet.

Yours sincerely,

A.D.P. HEENEY

1036. DEA/11280-40

Note du chef de la Direction économique pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Economic Division, to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], December 18, 1950

U.S. RESTRICTIONS ON EXPORTS TO CHINA AND CHINESE ASSETS IN U.S.A.

Mr. Willoughby of the United States Embassy came to see me today. He wished to explain that the Unites States action in restricting the movement of goods to China (including Hong Kong and Macao) and in restricting the use of Chinese assets in the United States was *not* to be interpreted as all-out economic warfare against China by the United States. The Government of the United States was still hopeful that, through United Nations machinery, a settlement of the Korean issue would be reached. On the other hand the United States Government could not ignore the fact that military action was in fact taking place in Korea. Under the circumstances it became necessary to try to ensure that the military action by the Chinese was not supported from outside. The fact that men were dying in the United Nations forces made it essential as far as possible to cut off supplies to those who were fighting on the other side.

2. Mr. Willoughby repeated that the United States Government was not waging all-out economic warfare and said that they would be glad to be told of ways in which their actions in the economic field were causing disturbance to interests in friendly countries. I undertook to bring this point to the attention of the agencies of government to which Canadian interests might bring the complaints. I am sending copies of this memorandum to the Departments of Finance and Trade and Commerce, the Secretary of State's Department, the Bank of Canada, the Secretary to the Cabinet, the Foreign Exchange Control Board, the Canadian Maritime Commission and the Air Transport Board.

3. I asked Willoughby what he considered to be the difference between the present action of the United States and full-scale economic warfare, apart from the fact that the United States Navy was not stopping the ships of other nations on the high seas. He replied, first, that there were various measures of economic warfare that were not used at present such as blacklisting, preclusive buying, etc. Second, he suggested that the United States controls, both over exports to China and also over Chinese assets, might not in fact be administered as a complete embargo. He envisaged the possibility that a certain amount of non-essential goods might be allowed to move. He added however, when I questioned him, that this was his own interpretation of the message received by his Embassy from State Department. I hazarded the guess that the administration of the new restrictions was not yet fully settled in Washington and he agreed.

4. I asked him how widely the freeze on Chinese assets in the United States was likely to extend. He said he had no immediate knowledge but he expected that it

would extend very widely, following the pattern of the last war, when such restrictions extended to all assets which were either fully or partially under the control of a resident or national of an enemy country.

5. Mr. Willoughby's understanding of the present regulations regarding United States exports to China was rather different from my own and I have asked him to supply a statement for our use.

A.F.W. P[LUMPTRE]

1037. DEA/9030-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3414 Washington, December 29, 1950

CONFIDENTIAL. IMPORTANT.

TRADE WITH CHINA AND NORTH KOREA

1. George Willis, Director, Office of International Finance, Treasury Department, together with Arnold of the Treasury Legal Staff, initiated a general discussion today about Canadian trade policy with Hong Kong, China and North Korea, and the possibility of exports from these areas reaching the United States via Canada.

2. It was explained that the fundamental purpose of the recent Treasury Department freezing order is to prevent the acquisition by China of valuable foreign exchange and that the hope is held that other western countries will follow policies that will produce the same result. The Treasury Department interest is chiefly related to preventing United States imports from the areas in question.

3. A case was mentioned as an example of the public relations difficulties that have followed in the wake of the United States freezing action. The complainant was a United States west coast importer who had, in the past, imported peanuts from China destined for Canadian consumption. He had pointed out that he was precluded from continuing this trade, but his Canadian competitors were free to set up Swiss francs for payment to Chinese exporters for transactions of this nature. This case was not questioned, but it was pointed out that Canadian policy concerning trade with these areas did not parallel United States policy with respect to foodstuffs and that this was probably the most marginal type of case that could arise.

4. Some discussion was devoted to the likelihood or possibility that Canada could become a transit point for China to United States shipments, and Willis stated that the only United States import test that would be applied would be that of the country of origin. If the goods originated from China they would be denied admittance to the United States, the only exception being shipments of highly strategic materials which would be permitted entry if they could be obtained. It was stated that Canadian traders should be put on notice that goods from China would not be

admitted into the United States. In turn the question was asked whether it would not be advisable to put United States traders on notice that these goods would not be admitted to the United States and that transhipments through any third or more countries would not change this fundamental policy. Willis agreed to pursue the United States aspect of this question with a view to issuing a Treasury Department press release. It is suggested that similar consideration be given to this question in Ottawa. If a Treasury Department press release is forthcoming it might make a good background document for Canadian action.

5. An additional question raised by Willis was whether or not there were any Canadian controls that would forestall imports into Canada for purpose of re-export to the United States. Willis was told that it was thought that Canadian policy would be sympathetic to the United States position, but it was not known that there was any screening process in action which would deny the entry of such goods into Canada. He asked for confirmation of this position, so that it would be appreciated if an explanation of Canadian procedures, if any, could be forwarded for discussion with the Treasury Department.

1038. DEA/9030-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-26 Ottawa, January 5, 1951

CONFIDENTIAL

Repeat Permdel No. 22.
Your WA-3414 of December 29, 1950 — Trade with China and North Korea.

1. Nobody can fail to recognize the part played by U.S. forces in Korea and the feeling, so widespread in U.S.A., that aggression by Chinese Communist regime should be fought by all practicable means calculated to produce useful results.

2. It is not so clear that an embargo on all trade, both imports and exports, will in fact produce useful results. Restrictions on export of strategic materials to China are one thing; we are willing to go along with U.S. on this matter and give a very wide interpretation to the term "strategic". A general trade embargo is quite another thing and might hurt us at least as much as the Chinese. It would also tend to precipitate any plans they may have to overrun neighbouring territories of economic as well political value. It would increase their dependence on the U.S.S.R.

3. Whatever the arguments may be for a complete embargo as part of economic sanctions against China under U.N. auspices, a partial and ineffective embargo is merely irritating and provocative. It would have seemed desirable for U.S. to explore fully the question of U.N. action before embarking on unilateral sanctions.

4. Are you sure that it is in fact the policy of the U.S. Government to prohibit imports from China? There was no suggestion of this either when Willoughby

called on this Department on December 18th to explore the effects of the freeze of Chinese assets in U.S.A. or in his confirmatory letter to Plumptre dated December 20th (see material sent to you under despatches E-4128 of December 18th and E-4206 of December 23rd).[21] Further, we do not know of the existence of U.S. machinery to implement an import embargo against China. (We realize that they are using Order M63 to restrict imports of certain agricultural products from all sources.) We are always anxious to cooperate with U.S. but we would want a clearer statement of U.S. Government policy, and of the means of implementing it, before we could consider issuing the proposed warning to Canadian traders not to accept goods from China destined for U.S.A.

5. In regard to the question of controlling shipments through Canada into the U.S., we appear to have no legal authority for import controls in the present circumstances. (See Section 4 of Export and Import Permits Act). The only possibility would appear to be the extension of our export controls to restrict shipments from Canada to U.S. As in many other cases discussed with the Department of Commerce in the past, we would prefer to use this Canadian machinery as an alternative to the imposition by the U.S. of imports controls against Canada. However, before we can consider such measures we would need clarification of the U.S. position as requested in the previous paragraph.

2e PARTIE/PART 2

JAPON : TRAITÉ DE PAIX
JAPAN: PEACE TREATY

1039. DEA/50051-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

SECRET Ottawa, April 22, 1950

LETTER OF INSTRUCTION FOR CANADIAN REPRESENTATIVE AT MEETING OF COMMONWEALTH WORKING PARTY ON JAPANESE PEACE TREATY IN LONDON, MAY 1, 1950

Dear Mr. Wilgress,

Commonwealth representatives at the Colombo Conference agreed to a suggestion by Mr. Bevin that a Commonwealth Working Party, under the direction of High Commissioners, should meet in London at a convenient date to seek to coordinate Commonwealth views on the substance of a peace treaty with Japan. May 1st has been set as the date for commencement of the meetings and Cabinet

[21] Non retrouvé./Not located.

approval has been given to Canadian participation. I should like to take this opportunity to make some observations on the Canadian attitude to the Japanese Peace Treaty for the guidance of yourself and Mr. Collins at the meetings.

2. Mr. Collins has been associated with the work of the Far Eastern Commission ever since it was established. In addition, he attended the Canberra Conference on the Japanese Peace Treaty in August of 1947. He has had an opportunity to discuss the subject recently with departmental officers in Ottawa and will be provided with documentation for use in the detailed discussions which are to take place.

3. Our understanding of the purpose of these meetings is that they should provide an opportunity for a free exchange of views at the official level in order to determine the area of agreement which may exist at this level on the major issues involved in the achievement of a Japanese peace settlement. We did not consider ourselves in a position at this stage to place before Cabinet for approval specific recommendations regarding the attitude Canada should adopt toward the Japanese peace settlement, since we do not know as yet the firm views of other interested governments, especially those of the United States. We think it necessary to have a clear indication of the United States stand before final consideration is given to any of the important issues. We would hope that the United States would avoid setting out hard and fast requirements which leave no room for discussion. It is equally important that the Working Party should not reach conclusions so firm that they could not later be modified in the light of the United States proposals. We would regard the formulation of recommendations to governments by the Working Party as inconsistent with the principles discussed above.

4. It is most important that the other Commonwealth representatives should understand our attitude and I trust you will take an early opportunity to indicate our position. You will appreciate that the Canadian attitude towards the main issues of the peace settlement must take into account the views of the United States Government. There are important gaps in our knowledge of these views. It is for this reason that no commitments on policy can be made at London. The primary role played by the United States in the Occupation of Japan and the responsibility which the United States will bear in any final settlement — two facts generally recognized by all the Commonwealth governments — make it only reasonable that we should delay reaching any final decision on the issues involved in a Japanese Peace Treaty until we have had an opportunity to give full consideration to the overall desires of the United States concerning Japan and the peace settlement.

5. The other Commonwealth delegations will no doubt, in varying degrees, wish to avoid creating the impression that a Commonwealth panel is being formed at London. We would regard it as most unfortunate if the impression were given that there was a "Commonwealth view". It should be clearly understood that no Commonwealth government can speak for any other government or group of governments. If the procedural basis for a Japanese peace conference is to be that suggested in the United States proposal of July 1947, that is a two-thirds majority vote on matters of substance, the effect would be to give the Commonwealth governments the power of veto in the conference. It would be most undesirable for Commonwealth governments to prejudice their relations with the United States by

allowing the impression to become current that they were planning to take advantage of their potential veto in the conference.

6. In relations with the press it should be emphasized that the meetings are only for a confidential exchange of views and that no policy commitments will result from them. It is equally important that the press should not get the impression that a corporate Commonwealth view is being formed. You might ask the Information Officer on your staff to watch the press coverage being given the meetings. If it becomes apparent that a wrong impression is being gained by the press, you should take whatever steps you consider necessary to correct that impression. I think it would be useful if the purpose of these meetings were made clear in a communiqué issued after the opening sessions.

7. Our experience as a result of the Colombo Conference would lead us to suggest that periodic telegrams should be sent to the Department reporting on significant points raised in the discussions.

8. Subject to the limitations noted in the foregoing paragraphs, it has been possible in the light of our participation in other conferences in which the Japanese Peace Treaty has been discussed, to indicate in our drafting of the documentation which Mr. Collins will take to London, the main principles of our tentative policies on some of the more important issues. These have been summarized below:

(a) *Procedure*—We would give continued support to the United States proposal of July 11, 1947, that all member nations of the Far Eastern Commission should participate in drafting of a Peace Treaty with decisions to be taken by a two-thirds majority vote and with no veto involved. Canada would welcome the participation of the U.S.S.R. and China but believes consideration might be given to going ahead without them if they demand the veto power as a basis for participation. Canada would welcome discussion of the views of other governments as to how permanent a settlement with Japan can be achieved without the participation of these two interested powers. I indicated at Colombo our support for any request made by Ceylon for a seat at the Japanese Peace Conference. There is no doubt that we would also support any claim put forward by Indonesia. We would think membership in the Far Eastern Commission should be sought by these two countries as a preliminary step in the achievement of their aims. Ceylon might be encouraged during the meetings in London to request membership in that organization.

(b) *Security Aims*—Canada's interests are:

(1) To prevent the re-emergence of an aggressive Japan, either alone or in alliance with other hostile powers.

(2) To ensure the external and domestic security of Japan,

(a) in order to deny Japan's trained manpower and industrial resources to Communist control, and

(b) in order to permit the growth of democratic ideas.

(3) To gain the voluntary cooperation of Japan with the Western allies in the problems of peace as well as in the event of war.

Canada recognizes the prime responsibility of the United States in this regard and believes it would be inadvisable to press the United States Government to take any action which it might regard as imprudent.

(c) *Economic Provisions*—Provided that our basic security aims are met, we would think it unwise to impose restrictive economic clauses in the peace treaty. Our aim is to allow Japan to achieve a viable economy. This would assist in relieving the depressed economic conditions in the Pacific and Southeast Asian areas. Any improvements which can be made in the economic health of the area would make Communist penetration more difficult. This general approach should not blind us to the commercial malpractices of the Japanese in the past and consideration should be given to methods by which Japan could be brought to adhere to the generally accepted standards of commercial behaviour. The early restoration of normal trading relations between Japan and the rest of the world is desirable, consistent with our security requirements.

(d) *Territorial Provisions*—It would be difficult to challenge the territorial transfers agreed upon in the Cairo Declaration, the Yalta Agreement and the Potsdam Declaration, although Japan must surrender its rights in these territories in the Peace Treaty. The United States Trusteeship presently exercised in the former Japanese Mandated Islands might possibly be extended to cover the Ryukyu and Bonin Islands, the Volcano Islands and Marcus Island. Tsushima and Goto Islands, because of their close historical and administrative ties with Japan, might safely be returned to Japanese control. Difficulties, however, may arise in specifying the return of sovereignty in such cases as Korea, Formosa and the Kwantung Leased Territory. Provision will also have to be made for Japanese renunciation of any rights in the Japanese Mandated Islands presently under United States Trusteeship. We would welcome discussion on the importance of possible Russian concessions to Japan in the territorial field.

(e) *Political and General Provisions*—Japan should be called on to guarantee protection of the fundamental human rights and freedoms. Consideration should be given to measures which might be taken to ensure that the Japanese would recognize the obligation to grant the minimum civilized standards of treatment to aliens in Japan. Possibly the Treaty should bind her, for a specified period, to carry out the important directives and reforms introduced by the Occupation, e.g. land reform, sentences of war criminals, dissolution of nationalistic and militaristic societies, purge of undesirable individuals from public life, dissolution of Zaibatsu, etc.

(f) *Enforcement of Treaty Provisions*—It is difficult to envisage any machinery which could be effective without being unwieldy. In addition, if China and Russia were to sign the Peace Treaty they would probably be eligible for a seat on any control body which was set up in the Treaty. It would be undesirable in our view to give them such an opportunity to interfere in Japanese affairs. In the light of our non-participation in the Occupation to date it is debatable whether we would be prepared to make the military and financial commitments which might be called for in any elaborate machinery proposed. It would be useful, however, to consider the possible use in Japan's case of our export control regulations. This might be done

in conjunction with other interested countries on the model of similar action taken with regard to Eastern Europe.

(g) *Reparations and War Claims*—It is apparent that for all practical purposes reparations from Japan's internal industrial assets are a dead issue. A recommendation is before Cabinet for the liquidation of Japanese assets in Canada. A Royal Commission on War Claims has been suggested in the memorandum to Cabinet. If the method of settlement involving a general pooling of enemy assets with settlement to Canadians from that pool no matter where loss abroad was suffered is accepted then Japanese external assets (e.g. in Switzerland and Thailand) would be of interest to us for inclusion in the general pool. Care should be taken that no provision in the treaty would preclude this method of settlement. Our experience with the Inter-Allied Reparations Agency and its distribution of German assets has been satisfactory and some similar arrangements for the disposition of Japanese external assets would seem reasonable.

(h) *Fishing*—The protection of our West Coast fishing interests is of primary concern. An United States suggestion concerning the negotiation of an immediate treaty with the Japanese whereby they would agree not to fish within 150 miles of United States or Canadian territory has been examined recently. It is possible that the United States may retract this proposal, since it is at variance with the public stand taken by the United States in the Potsdam Declaration with regard to the granting of freedom of access to the raw materials of the world to Japan and other countries. The Peace Treaty might contain provisions binding Japan to observe all international agreements on the conservation of fish and sea mammals and possibly national conservation regulations governing fishing in littoral waters. In this manner it may be possible to curb the pre-war practices of her fishermen which, if continued, would lead to the serious depletion of the salmon and halibut resources of the North Pacific.

9. As one of the main purposes of the meeting is an exchange of ideas, we will be looking forward to receiving a full report on the views expressed in London. In addition to covering the meeting itself, it will be appreciated if the report contains recommendations for changes and revisions in the departmental documentation in case it proves possible to use it as the basis for drafting instructions for the Canadian delegation at a general peace conference for Japan.

10. I trust that you will find the meeting both interesting and valuable from your point of view and from that of the Canadian Government.

Yours sincerely,

L.B. PEARSON

1040. DEA/50051-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

DESPATCH 1138 London, May 19, 1950

SECRET

Sir,

I have the honour to enclose for your information eight copies of the Report of the Commonwealth Working Party on the Japanese Peace Treaty,† which met in London from May 1st to May 17th. The Report is an able summary of the discussions, and I shall attempt to do little more in this despatch than add a few comments on what appeared to be the general positions of some of the other delegations.

2. As indicated in my telegram No. 836 of May 2nd,† the discussions got off to a dubious start at the opening meeting of High Commissioners under the chairmanship of the Secretary of State for Commonwealth Relations. The difficulty, which was largely procedural, arose from the interpretation attached by the High Commissioners of India and Ceylon to the Colombo decision that "detailed consideration of the terms of a peace treaty with Japan should be undertaken by a working party of officials under the direction of Commonwealth High Commissioners in London". Personalities accounted for much of the problem, which was eventually resolved by means of an agreement to look upon the Working Party proper as consisting of the High Commissioners and their officials. The discussions were therefore conducted on the basis of periodic plenary meetings designed to furnish the guidance provided for in the Colombo resolution, detailed consideration of the agenda being left to meetings of the official group.

3. The procedural difficulty also created an initial problem in connection with the agenda. As proposed by the United Kingdom, the agenda for the discussions among officials was to have been as follows:

(1) Consideration of the problem of Japan in its broadest aspects against the background of the world situation.

(2) Detailed aspects of the settlement as follows:

(a) Procedure
(b) Basic aims with particular reference to security
(c) Economic provisions
(d) Territorial provisions
(e) Political and general provisions
(f) The problem of enforcing the provisions of the treaty

4. Owing to the position adopted by India and Ceylon, however, it was felt that the officials could not proceed profitably until the High Commissioners had consid-

ered Item I, and this was dealt with at the second plenary session. The net result, as you will see from the Report, was to add another item to the agenda, arising out of the discussion of the broader aspects of the problem, which appears under the heading "Peace Treaty and the Alternatives".

5. It was made clear at the outset that the meetings were purely exploratory in nature and without commitment by Governments, and this was emphasized in the single communiqué issued after the opening session. Actually, there was very little interest displayed by the press, and apart from articles in the *Sunday Times* and *Manchester Guardian* immediately before the meetings began nothing has, to our knowledge, appeared in the British papers on the subject. It was therefore decided at the concluding plenary meeting to let sleeping dogs lie, and that no final communiqué was required.

6. Some slight difficulty might have arisen over the form and nature of the Report resulting from the discussions, especially in view of Mr. Walker's original suggestion that an attempt might be made during the course of the conference to resolve points of difference by reference back to Governments. This suggestion was dropped, however, and the Report, as a summary of the exchange of views, follows as closely as we could expect the form which we desired.

7. The discussions themselves have, I think, been very useful in several respects. They have indicated that what perhaps appeared at Colombo to be almost irreconcilable divergences of basic approach may not, in practical application, be too far apart to permit of resolution. At the same time the analysis of the various problems involved in the achievement of a settlement has helped to bring the facts of life into sharper focus and may well result in appropriate adjustment of official thinking. Finally, the discussions have raised a number of issues and produced new suggestions which merit further study by all concerned.

8. Mr. [Maberly E.] Dening, Assistant Under-Secretary in charge of Far Eastern affairs, was chairman of the official meetings, and the United Kingdom memorandum on the Japanese peace settlement which had been prepared for the Foreign Ministers Conference at Colombo served as the basis for the discussions. The Foreign Office was therefore in a position to exert a good deal of influence on the way the talks developed. It think it safe to say that the main purpose of the meetings, from the United Kingdom point of view, was to produce maximum agreement on an approach to the problem which would reassure the United States and strengthen the hand of those elements in the United States Government that wish to see a treaty concluded with Japan. As Mr. Dening put it at one point, one object of the exercise was to provide the State Department with ammunition to use against the Pentagon.

9. This approach left the impression at times that the chief United Kingdom objective was purely and simply an early treaty with Japan, and that in the last analysis the United Kingdom would probably be willing to accept almost any kind of settlement so long as a settlement were in fact achieved. With the general line adopted by the British in their analysis we should certainly not be disposed to disagree, but it was interesting to note the tactics employed by Mr. Dening in his handling of the meetings, especially the eagerness with which any new arguments in

favour of an early settlement were seized. Great stress was laid on the dangers of possible Sino-Soviet initiative in the calling of a conference, and the Australian proposal that the granting of M.F.N. treatment for Japan might be avoided through a special provision in the treaty to the effect that "the terms and conditions of trade between Japan and the signatory powers may be determined by bilateral agreements" was cited on several occasions as an example of the sort of solution of outstanding problems that can only be attained through treaty procedure. Since this particular proposal has little or no chance of acceptance by the United States in any event, the argument at that point seemed slightly thin.

10. Similarly, when the officials embarked on their analysis of the alternatives to a treaty of peace (i.e. continuation of the status quo or an intermediate solution perhaps involving declarations of termination of the state of war) and the implications of proceeding without China and the U.S.S.R., there was an obvious reluctance on the part of the chairman to do more than marshall the arguments against any alternative and against any suggestions that a separate peace might have dangerous consequences.

11. Another interesting development was the insistence, during the meeting on territorial provisions, on the point that only the participants at the Cairo and Yalta Conferences are bound by the agreements entered into on those occasions. This is not covered in the Report, which merely notes that the disposition of the territories to be ceded by Japan need not be dealt with in the peace treaty itself (paragraph 40(b)). It would appear that Mr. Dening, who had been carrying on parallel discussions with United States officials in connection with the bi-partite meetings, had been impressed with the significance of the United States' strategic interest in denying Formosa to a Communist China, as distinct from the United States' political interest in honouring its agreements and respecting China's territorial integrity. Anything that would allay United States fears regarding the relationship between a peace treaty and the fate of Formosa would therefore be all to the good, and the seed was probably planted with this in mind.

12. To summarize, it might be said that the objective of the United Kingdom is to resume normal relations with Japan, as free as possible from the most favoured nation treatment now enjoyed by the United States (and, in a sense, by Japan herself) through the existence of S.C.A.P., without too much consideration for the security problem involved. This is assumed to be a responsibility which the United States will have to shoulder in any case, and which for all practical purposes need not be taken into account. Allowing for journalistic and gallic cynicism, the estimate of *Le Monde's* Far Eastern correspondent (which appeared in the *Manchester Guardian* just as the Working Party was beginning its more serious deliberations) may not be far wrong:

"Only London seems to know what it wants: a treaty without the Russians and Chinese, followed by a peace as far as possible without — the Americans. To reattach Japan to the sterling group and to have a free hand in Tokyo: such, simplifying a little, is the British objective, unattainable till MacArthur has gone. Having bided its time with an altogether Asiatic patience, Britain hopes to reappear shortly on the scene in merchant's garb".

13. Although personalities tended to dramatize the positions taken by India and Ceylon, the real maverick at the round-up turned out to be New Zealand. The Australian High Commissioner led off by making the expected statement on behalf of security in the South Pacific, but in the official discussions it became evident that the Australians were hedging and that they were willing to be persuaded that their preoccupation with fears of revived Japanese aggression might be moderated if the United States were to assume responsibility and some system of long range (i.e. export) controls could be worked out as a substitute for control machinery in Japan. New Zealand, on the other hand, really wants security and is not too impressed by arguments involving the Cold War and the desirability of giving Japan incentives to throw in her lot with the democratic world. Of all those represented at the meetings, New Zealand had shifted least from the Canberra formulae and was the only country that maintained with any conviction the desirability of some post-treaty control machinery in Japan. Essentially the New Zealand position is that, isolated in the Pacific, her primary concern must be her own security. If that security were underwritten by the United States, the question of Japan might be approached with the objectivity the world situation seems to require. In the absence of any undertaking or guarantee, the advantage of a peace treaty without minimum security controls is open to doubt. The official position of New Zealand on the Working Party was therefore that while an early treaty might be desirable in the abstract, in reality its value would depend on the nature of its security provisions. By implication this could be taken, I assume, to mean that if the security of New Zealand were convincingly assured through measures outside the treaty itself, such as a regional defence agreement, then the attitude toward the treaty would change. Pending such assurance the New Zealand representative was inclined to be somewhat sceptical of the whole proposition, and to wonder whether the Occupation may not be rather useful after all. This, of course, was tantamount to heresy from the United Kingdom point of view.

14. India and Ceylon (together with Pakistan) in a formal sense represented the opposition to the approach of Australia and New Zealand. Where the latter stressed security, they stressed the psychological factors and the importance of not losing the peace through causing resentment and frustration in Japan. In fact, however, India and Ceylon approached the problem from quite different basic assumptions. Ceylon was the most extreme exponent of the thesis that the immediate danger is the threat of Communist imperialism. This led to the conclusion that almost anything which would help ensure the non-communist orientation of Japan was worth the risk, and that we should take the chance of building up Japan as a bulwark on our side. This was combined with a very jaundiced evaluation of United States policies in Japan.

15. India, on the other hand, tended to avoid the menace of communism (or of the U.S.S.R.). The Indian representative stated at one point in the discussion that there really was no basic difference between the Indian approach and that of Australia and New Zealand. All were interested in the question of security against Japan. The only difference lay in their respective appreciations of how this could best be achieved. India believes that it is a surer guarantee if emphasis is placed on the positive and human elements rather than on restrictions, in order to gain the volun-

tary co-operation of the Japanese. Actually, the real Indian position was left somewhat in doubt, insofar as the practical aspects of a peace treaty were concerned. One of the key questions was of course that of the anticipated requirement of the United States for bases in Japan. None of the Commonwealth countries except India indicated any objection to the retention of such bases. At the second meeting of the High Commissioners, Mr. Krishna Menon stated quite categorically that his Government could not agree to a treaty which would permit any power to maintain bases in Japan. When questioned as to the meaning of this statement with regard to the conclusion of a bilateral defence agreement outside the treaty, Mr. Menon avoided a direct reply, and this was taken to mean that the Indian objection applied only to a specific provision in the treaty proper. The draft report therefore contained a sentence to the effect that "this (the Indian objection) would not, however, necessarily apply to an arrangement voluntarily entered into by a fully sovereign Japan after the conclusion of a peace treaty". At the request of the Indian representative this interpretation was deleted, and there was no further clarification of the Indian position.

16. Unfortunately, the Indian view that "some broad multilateral framework of security would provide the most desirable solution" was likewise never made explicit, and although the impression was given that India favoured a general guarantee of Japanese territorial integrity, including China and the U.S.S.R., it was never clear how far it was intended to carry this approach.

17. The general area of agreement which emerged from the meetings was fairly substantial. The United Kingdom proposition that "developments since the end of the war with Japan point towards the conclusion of a peace treaty which will not result in the permanent resentment of the Japanese people, and which, in consequence will offer real prospects that Japan's own efforts will enable her to reach a reasonable standard of living" was accepted as a major premise, and it was agreed that, in addition to the basic aims of the Canberra period it should now be recognized as equally important to ensure that

(a) Japan's industrial capacity and skilled man-power are denied to the Soviet Union

(b) Japan is enabled to enjoy the conditions necessary for the establishment of a viable economy.

18. All delegations, with the possible exception of India, were prepared to have the United States maintain post-treaty bases in Japan, and the United Kingdom in particular adopted the view that this was the only practical solution of the problem of security for Japan. Moreover, whatever the general Indian attitude may be, it is doubtful that it would be carried to the length of actively opposing a bilateral defence agreement between the United States and Japan. All delegations likewise recognized the necessity of maintaining Japan's internal security through the strengthening of the police force and coast guard service.

19. It also became fairly clear during the course of the exchanges of views that, in any realistic appraisal, reparations from Japanese internal industrial assets, internal security controls, and limits on non-military industrial production (with the exception of the aircraft industry) are now dead issues.

20. Annex B of the enclosed Report lists the following items as subjects which might be given further study and on which views might be exchanged at a later date through normal channels:

(i) The disposition of the Far Eastern Commission and the Allied Council in the event of a conclusion of a Treaty of Peace without the participation of the Soviet Union and China.

(ii) The extent to which individual Commonwealth countries might be prepared to make specific contributions towards the defence of Japan.

(iii) The nature and effectiveness of long range economic controls designed to prevent the resurgence of Japanese military power, including the possibility of collateral agreements between interested Governments on appropriate economic matters.

(iv) The possibility of negotiating a Far Eastern fisheries convention.

(v) The possible inclusion in the Treaty of Peace of a clause on the lines of that discussed in paragraph 32. (Australian proposal in connection with M.F.N. treatment for Japan).

(vi) The possible inclusion in the Treaty of Peace of a clause on the lines of that discussed in paragraph 44. (Canadian draft of a possible human rights clause designed to cover the treatment of aliens in Japan).

21. In addition to the above, further consideration might be given to the New Zealand suggestions (paragraphs 45 and 49 of the Report) concerning the machinery for dealing with breaches of the Human Rights clauses and the possibility of dividing the treaty into two parts, the second part to include those provisions which in practice could be made effective only through the good will of the Japanese and which might take the form of a declaration of intention on the part of Japan. Paragraphs 47 (b) and 47 (c) of the Report deal with the desirability of a reference to responsibility for provoking the war and with the question of sponsoring Japan for membership in the United Nations. Neither of these subjects are treated in the present Canadian brief, and it might be useful to include some reference to them in any future documentation.

22. The possibility of using export control procedures as a device for solving, in part at least, the problem of ensuring against renewed Japanese aggression turned out to be one of the more important subjects dealt with in the discussions. If a plausible case could be made out for the effectiveness of such long range controls, they would help provide Australia in particular and possibly New Zealand with a way out of the security-minded position to which they have been committed. If this device is to be taken at all seriously, consideration will have to be given to the question of what kind of international agreement outside the treaty might be required to put it into effect. It was with this in mind that the Australian delegation added to the relevant item in the above list of subjects for further study, the phrase "including the possibility of collateral agreements between interested Governments on appropriate economic matters".

23. Almost all of the points mentioned in your letter of instructions of April 22nd are, I believe, covered in the Report. The general Canadian position on a settlement

with Japan as well as on the Working Party's functions was presented in my statement at the opening meeting, which followed the lines of the draft contained in your telegram No. 590 of April 28th.†

24. At the final meeting of High Commissioners on May 17th it was agreed that we should invite our respective Governments to consider whether the Report should be shown to the Government of the United States, and if so, what changes would be required. I should be grateful if you could let me have your instructions on this point, as well as on the question of how it might be communicated, assuming that agreement is reached regarding a suitable text.

I have, etc.

L.D. WILGRESS

1041. DEA/8508-40

Extrait du procès verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET Ottawa, September 18, 1950

. . .

FAR EAST: JAPANESE PEACE TREATY

. . .

(2) *United States Initiative*. President Truman in his press conference on September 14[22] stated that the United States Government believed that another effort should be made to conclude a Japanese Peace Treaty and that he had authorized the Department of State to initiate informal discussions with Governments on the Far Eastern Commission. Mr. Dulles informed Mr. Wrong privately that it was planned that State Department officials should undertake bilateral talks in New York during the General Assembly with representatives of friendly Governments on the Far Eastern Commission, which in turn would lead to general agreement among the Governments concerned as to the next stage of procedure.

Mr. Dulles called a special conference on September 15, at which he briefed United States correspondents on the substance of the proposals which will be presented by the United States in the forthcoming discussions. His action in deliberately calling a press conference to disclose the main line of United States policy before the announced discussions with other Governments had begun, had caused some consternation. This public statement of aims can only make subsequent discussions more difficult.

. . .

[22] Voir/See *Public Papers of the Presidents of the United States: Harry S. Truman 1950*, Washington: United States Government Printing Office, 1965, Document 250, pp. 637-640.

1042. DEA/50051-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2277 Washington, September 25, 1950

SECRET

Repeat Permdel No. 240.

JAPANESE PEACE TREATY

1. My teletype WA-2282 contains the texts of two memoranda in connection with the United States position on the Japanese Peace Treaty, which were given to Mr. Spender by Mr. Dulles in New York on Friday. We understand that Mr. Dulles also discussed this question with the British on Friday, and is intending to approach the Indians tomorrow.

2. As these memoranda were given to us on a personal basis, it would be appreciated if care were taken not to mention either to the Americans or to the Australians that we have obtained them here.

3. In presenting these memoranda, Mr. Dulles emphasized the desirability of avoiding the mistakes of Versailles and of doing what we can to ensure that the Japanese are persuaded that it is in their interests to choose the side of the democracies in the present division of world forces. We understand that Mr. Spender commented only on the security aspects of the United Nations proposals, pointing out that in view of Australian public opinion it would be difficult for the Australian Government to accept a treaty which provided for the security of Japan but which omits any provision whatever dealing with the security of other countries against possible future Japanese aggression.

4. You will note that neither memorandum deals specifically with the difficult procedural problems which will have to be faced in connection with any treaty with Japan, such as whether or not there should be a formal conference, and what should be done about Chinese participation. We understand that this aspect of the problem was not mentioned by Mr. Dulles or raised by Mr. Spender.

5. You will also note that item (4) in the second memorandum, dealing with security, seems to imply that the United States intend to make a reference to the post-treaty security arrangements for Japan in the treaty itself, rather than leave this to be handled entirely under a separate agreement.

6. As you no doubt have been informed by London, the agreed text of the Commonwealth Working Party report on the Japanese Peace Treaty was shown to United States officials by the British last week.

1043. DEA/50051-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2282 Washington, September 25, 1950

SECRET

Repeat Permdel No. 241.
Reference my teletype, WA-2277, New York No. 240. Japanese Peace Treaty.
Following are the texts of the two United States memoranda on this question.

1. "There is attached a brief general statement of the type of treaty envisioned by the United States Government as proper to end the state of war with Japan. It is stressed that this statement is only suggestive and tentative and does not commit the United States Government to the detailed content or wording of any future draft. It is expected that after there has been an opportunity to study this outline there will be a series of informal discussions designed to elaborate on it and make clear any points which may be obscure at first glance."

(Text of attached statement):

2. "The United States proposes a treaty with Japan which would end the state of war, restore Japanese sovereignty and bring Japan back as an equal in the society of free people. As regards specific matters, the treaty would reflect the principles indicated below:

(1) *Parties*. Any or all nations at war with Japan which are willing to make peace on the basis proposed and as may be agreed.

(2) *United Nations*. Membership by Japan would be contemplated.

(3) *Territory*. Japan would (a) recognize the independence of Korea; (b) agree to United Nations trusteeship, with the United States as administering authority, of the Ryukyu and Bonin Islands and (c) accept the future decision of the United Kingdom, U.S.S.R., China and United States with reference to status of Formosa, Pescadores, South Sakhalin and the Kuriles. In the event of no decision within a year after the treaty came into effect the United Nations General Assembly would decide. Special rights and interests in China would be renounced.

(4) *Security*. The treaty would contemplate that, pending satisfactory alternative security arrangements such as United Nations assumption of effective responsibility, there would be continuing cooperative responsibility between Japanese facilities and United States and perhaps other forces for the maintenance of international peace and security in the Japan area.

(5) *Political and Commercial Arrangements*. Japan would agree to adhere to multilateral treaties dealing with narcotics and fishing. Prewar bilateral treaties could be revived by mutual agreement. Pending the conclusion of new commercial trea-

ties, Japan would extend most-favoured-nation treatment, subject to normal exceptions.

(6) *Claims*. All parties would waive claims arising out of War Act prior to September 2nd, 1945, except that (a) the Allied Powers would, in general, hold Japanese property within their territory and (b) Japan would restore Allied property or, if not restorable intact, provide yen to compensate for an agreed percentage of lost value.

(7) *Disputes*. Claims disputes would be settled by a special neutral tribunal to be set up by the President of the International Court of Justice. Other disputes would be referred either to diplomatic settlement, or to the International Court of Justice."

1044. DEA/50051-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM 544 Ottawa, September 28, 1950

SECRET

Reference my telegram no. 539 of September 27, 1950.†

JAPANESE PEACE TREATY

It is expected that Mr. Dulles will seek an interview with Mr. Pearson in the near future in order to present the U.S. memorandum sent to you as Washington's No. 241 of September 25. This memorandum was given to our Embassy in Washington on a personal basis and care should be taken not to indicate to the Americans that we have seen it in advance of their presentation of it. The memorandum does little more than sketch in general outline the U.S. approach to the Peace Treaty. It is the opinion of our Embassy in Washington that, although the Americans will not wish to discuss details until a later stage, it is open to us to raise any questions which may occur to us at this stage. The following are general questions which occur to Department officials which Mr. Pearson might wish to ask Mr. Dulles when they meet. The material is set out under the headings used in the U.S. memorandum and this telegram should be read in conjunction with Washington's No. 241 of September 25, to you. Under certain of the headings no questions are posed, but comments are included for Mr. Pearson's use.

(1) *Parties*. Under the heading the problem of procedure might be discussed. The following questions are pertinent:

(a) Does the United States hope to obtain, in writing, the preliminary comments of the FEC governments on the points made in their memorandum? If so, is it contemplated that such comments will be circulated to all the governments concerned?

If this is to be the method employed by the United States, the next stage presumably would be the circulation of a memorandum embodying the preliminary comments of all the governments approached.

(b) At what stage do United States officials think it likely that representatives of FEC governments would meet for informal discussions?

(c) What attitude is the United States likely to take towards the problem of Nationalist and Communist Chinese participation in both the preliminary and later stages of the discussions?

In telegram No. 70 of September 20† Mr. Ronning reported on developments which would indicate that Peking did not plan to invade Formosa this season. In his opinion it would be a mistake on the part of the United States to ignore this change of heart and pursue their discussions of the Japanese Peace Treaty without taking into account the interest of the mainland Chinese in the Japanese peace settlement. It seems only reasonable that as soon as they gain control over their own affairs the Japanese must and will do business with the Chinese mainland and will deal with whatever government is in effective control, no matter what its political persuasion may be.

(d) Has thought been given by United States officials to participation in the preliminary discussions by such non-FEC members as Ceylon, Indonesia and the Indo-Chinese states. These states have been recognized as independent states by the United States and their interest in the Japanese peace settlement is an obvious one.

(2) *United Nations.* It would be of interest to know whether the United States regards Japan's entry to the United Nations as a matter to be dealt with in the Peace Treaty.

Paragraph 5 of the Preamble of the Italian Peace Treaty notes that the fulfilment of certain conditions "enabled" the Allies to support Italy's application for United Nations membership. However, such an undertaking might prove contentious in the case of Japan. There is something to be said for dealing with this matter outside the Peace Treaty. The United States could sponsor Japan's entry and any difficulties which might occur would not affect the treaty of peace.

(3) *Territories.* The status of the Ryukyu and Bonin Islands is distinguished in the United States memorandum from that of the other components of the former Japanese Empire. United States officials might be willing to give in more detail their arguments in support of such a distinction.

The terms of the Cairo Declaration insofar as it applied to Formosa have been accepted in principle by the Canadian Cabinet. It might be advisable therefore to indicate our general ideas in this regard and to ascertain if possible the arguments which the United States plans to advance in support of a "future decision" for matters which have already been determined in wartime agreements of the Four Great Powers. Disposition of the territories in question should be given careful consideration before the General Assembly is saddled with the task of enforcing territorial decisions on such powerful states as China (Formosa and the Pescadores) and the U.S.S.R. (Sakhalin and the Kuriles), who would be the contesting powers.

It would be interesting to get the reaction of United States officials to the idea of simply having Japan renounce its claims to the territories involved leaving the issue of their disposition to be settled outside the Peace Treaty.

(4) *Security*. The United States proposals in this regard do not go far towards a solution of what has always been the most contentious issue of the Japanese Peace Treaty. It may be possible to obtain some clarification of United States intentions along the following lines:

(a) Do United States officials regard Japanese security as a matter to be dealt with in the treaty or rather as the subject of bilateral agreements negotiated with Japan when its full sovereignty has been restored? Our initial reaction is that the inclusion in the Peace Treaty of a United States guarantee of Japanese security, no matter how guarded the reference may be, would destroy any chance of the acceptance of the treaty by the U.S.S.R. and China.

(b) Has the United States given thought to the problem of satisfying the understandable desire on the part of some of her wartime allies to be assured that security is offered them against possible Japanese military resurgence.

The United States stand on behalf of the United Nations in Korea will have made a favourable impression, but certain states may be satisfied to see Japan become fully sovereign only if some almost automatic guarantee of their security against Japan is provided by the United States or by some combination of powers, including the United States, committed to preserve the peace in the Pacific area.

(5) *Political and Commercial Arrangements*. The adherence by Japan to bilateral United States-Canadian fishing and pelagic sealing agreements should be the subject of separate study by the fishery experts of the two countries. In the writing of the commercial clauses of the Japanese Peace Treaty consideration will have to be given to methods by which Japan can be brought to adhere to the generally accepted standards of commercial behaviour. The subject of reciprocal most-favoured-nation treatment is one on which even preliminary comment is difficult until detailed study of such a policy is made by commercial experts in the larger context of other treaty provisions.

(6) *Claims*. It would be valuable to have some clarification of the United States attitude towards Japanese external assets in neutral countries. Canada would be interested in these external assets for inclusion in any general pooling arrangements which may be decided upon by the Government.

It might be desirable to raise with United States officials the question of occupation costs. We would wish to protect the charges incurred by the Canadian Liaison Mission in Japan by reason of goods and services obtained under the system of procurement demand.

The Japanese "gold pot" is likely to be a difficult issue since there is disagreement between the United States and the United Kingdom on its proper disposition. United States officials might be willing to detail their position in this regard.

1045. DEA/50051-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 701 New York, October 6, 1950

SECRET. IMPORTANT.

Repeat Washington No. 188.
Your No. 544 of September 29th. Japanese Peace Treaty.

Both Mr. Pearson and Mr. Dulles have been so occupied with other matters this week that the anticipated meeting on the question of the Japanese Peace Treaty has been somewhat delayed. In the meantime, Mr. Allison suggested that he might discuss the United States memorandum informally with Mr. Collins, and this was done yesterday. Mr. Collins took up as many of the points mentioned in your teletype as time permitted, and Mr. Allison's comments were as follows:

(1) *Parties and Procedure*

(a) The present discussions in New York are quite informal, and the State Department have apparently not tried to develop any very definite plans. Mr. Allison said that the preliminary comments of the FEC Governments on the points in the United States memorandum could be presented either orally or in writing, and that while it had not been suggested that these comments should be brought together and circulated, this could probably be done if those concerned considered it useful.

(b) There are also no plans for a round-table meeting with representatives of FEC Governments for joint informal discussions, but this too could be arranged.

(c) At this stage, the United States has no specific proposal regarding the problem of Nationalist and Communist Chinese participation, beyond the position indicated by Mr. Dulles in his briefing of United States correspondents in Washington when it was pointed out that, since the United States is in diplomatic relations only with the nationalists, any conversations at this stage would have to be with them. Mr. Dulles has not gone out of his way to initiate discussions with the Chinese, but we understand from Mr. Allison that Ambassador Koo[23] has asked for an interview, which will probably take place next week. (With reference to Soviet participation, Mr. Dulles saw Mr. Malik in the corridor at Lake Success last week and mentioned the fact that these discussions were taking place. Mr. Malik's only reaction was to remark that the United States could hardly be very serious about a Japanese Peace Treaty since General MacArthur obviously did not want to leave Japan. The United States attitude now seems to be that an opening has been given to the Russians, and that since they did not take the opportunity to go into the question further, the next step is up to them.) On the problem of eventual Chinese participation in a confer-

[23] Vi Kyuin Wellington Koo, Ambassadeur de Chine aux États-Unis.
Vi Kyuin Wellington Koo, Ambassador of China to United States.

ence, if a conference is held, Mr. Allison said that the United States simply do not have any constructive ideas at this time. He pointed out that it would in any event be extremely doubtful whether, even if a formula were found whereby the Chinese Communists might be associated in the proceedings, they would be willing to go along with any treaty which involved the type of security provision envisaged by the United States. He also referred once more to the suggestion which he had made before on a personal basis that the conference problem might be avoided by the signing of individual treaties, once the text had been agreed to as a result of discussions among the Governments concerned. Whether or not a conference will be held, and what form it will take, will depend to a large extent on the reactions and suggestions of FEC Governments arising out of present discussions. It is hoped that, if there is a conference, it would be very brief.

(d) It is intended to hold discussions with Ceylon and Indonesia after the preliminary conversations with FEC countries have been completed, and it is hoped that the latter conversations will have produced results by the end of November. The State Department is still considering the question of what should be done about Indo-China.

(e) It is also intended to have informal discussions with Japanese leaders after the preliminary conversations here. These will be with representatives of both the Government and opposition parties.

(2) *United Nations*

The present intention of the United States is that the question of Japanese application for membership in the United Nations should be referred to in the Treaty itself, with an implication that support should be given by the other signatories. Mr. Allison said that he realized this question had been raised in the Commonwealth Working Party discussions in London, and that some doubts had been expressed. He also said that he found it difficult to understand the basis for these doubts, and that in his view it was of considerable psychological importance to include something along these lines in the Treaty, even though it might in fact be impossible to achieve Japanese membership in the United Nations owing to the anticipated opposition of the U.S.S.R.

(3) *Territories*

Mr. Allison commented that this section of the memorandum had been drafted some time ago, and should not be taken as too firm a proposal on the part of the United States. This applies particularly to Part C, in view of the fact that the question of Formosa is now on the agenda of both the Security Council and the General Assembly. He is fully aware of the difficulties involved in attempting to have the Assembly determine the status of such territories as Formosa and the Kuriles, and said that the United States would of course welcome any suggestion which other Governments might wish to put forward. With regard to the Commonwealth Working Party proposal that in the Treaty Japan should simply renounce its claims to the territories involved, leaving the issue of their disposition to be settled outside the Treaty, he said that, while this course might eventually have to be adopted, the United States would prefer to handle the problem in a slightly different way. For example, it might prove useful in the future if Japan had not, in the Treaty, categor-

ically renounced her claims to the Kuriles. With reference to the Ryukyus and Bonins somewhat similar considerations were involved, since it might seem sensible at a later date — say 25 years — to return some of these islands to Japan. Hence the suggestion that Japan should in the Treaty agree to recognize United States trusteeship if this were accepted by the United Nations, a provision which should be more flexible than simply renunciation of sovereignty. With specific reference to the proposal that the status of Formosa, etc., be determined if possible by agreement among the four Powers, Mr. Allison remarked that this idea resulted partly from a desire to provide some continuity with the Cairo decisions, partly from the precedent in the Italian Treaty, and partly from the notion that the inclusion of the Kuriles and Sakhalin might give some sort of a lever to use against the U.S.S.R. He did not seem, however, to be too convinced that this provision would be a useful one.

(4) *Security*

(a) Present United States thinking as reflected in the memorandum regards the question of Japanese security as one which should be dealt with both in the Treaty and in a detailed supplementary bilateral agreement (or agreements). The reason for this is primarily to give the security arrangements as much multilateral colour as possible. This is in the interests of both the United States and Japan, and is considered particularly important from the standpoint of obtaining Japanese acquiescence. We hope later to see the actual draft of the proposed provision in the Treaty, but as Mr. Allison explained it, it would refer in general terms to the security aims of the United Nations Charter and state that, pending adequate security arrangements (e.g. under the aegis of the United Nations) the Japanese would agree to provide such facilities as might be required and as are within their capacity, while the United States (and such other nations as might wish to do so) would furnish forces. Mr. Allison said that this would not involve an indefinite commitment either on the part of the United States or of any other signatory to guarantee Japanese security. He also referred to the expectation that the Japanese could eventually assume more and more responsibility themselves (i.e. rearmament). He agreed that the inclusion of such a provision in the Treaty would probably destroy any chance of its acceptance by the U.S.S.R. and China, but obviously did not consider this too serious an objection, since he does not think that there would be much chance of such acceptance in any case. As you know, the assumption in the State Department all along has been that, knowing United States intentions in general terms, the U.S.S.R. and China would only accept a treaty which contained some provision definitely prohibiting any security arrangements along the lines contemplated.

(b) On the question of security against Japan, Mr. Allison merely said that other countries must be realistic about the present situation. The important objective is to ensure, insofar as possible, that Japan is denied to the other side and is voluntarily associated with the free democracies. Security measures in the Treaty would militate against such voluntary association. As to the need for assurances outside the Treaty, the facts should be adequate to provide such assurance for the relevant future, if the United States maintains forces in Japan and bases in Okinawa and the Philippines.

(5) *Political and Commercial Arrangements*

Mr. Allison said that the draft United States provision on adherence to multilateral agreements contained a fairly long list, which, when analyzed, appeared to boil down to narcotics and fishing. He agreed that the special United States-Canadian problem with respect to fishing should be discussed further at an early date by fisheries experts. He said that it is desired to avoid as much as possible the inclusion of provisions in the Treaty which would impose obligations on Japan without some corresponding benefits. Japan's adherence to multilateral conventions would not fall within this category, but provisions whereby Japan might be required to observe the conservation measures of other signatories in connection with off-coast fishing would probably be open to this objection. Hence it is felt that anything of this sort should be handled through bilateral negotiations outside the Treaty. With reference to the proposed granting of most-favoured-nation treatment, he said that this would, of course, be reciprocal. He also recognized the difficulties with which we are faced on this question, and that it would have to be given a good deal of detailed study.

(6) *Claims*

Mr. Allison said that the question of Japanese external assets in neutral countries is largely an academic one, since he doubts whether there will be many such assets available. He thought that the charges incurred by our Liaison Mission in Japan under the system of procurement demand would be protected.

(7) *General Political Provisions*

Mr. Allison said that the United States draft does have a brief section dealing with the kind of thing covered by the human rights clauses in the Italian Treaty and with the achievements of the occupation. It is apparently in rather general terms, and in the form of a statement of intent on the part of the Japanese rather than an obligation to which they must be held.

(8) *Regime of Control and the FEC*

Mr. Allison thinks that, with the rapid clearing up of the Korean situation, a treaty might come into effect in about a year's time, or perhaps even sooner. Meanwhile, the FEC would presumably continue, and he said that one of the questions which the United States might like to discuss would be the possibility of using the Commission to achieve some of the objectives of the Treaty before final ratification. As to the fate of the FEC, on the assumption that neither China nor the U.S.S.R. were parties to the Treaty, he said that the United States had no very clear idea of how the Commission would be dissolved, but assumed that some way out could be found.

The United States would appreciate our comments and any suggestions we might wish to make as soon as we have had an opportunity to consider their memorandum. As indicated above, it is hoped that this initial phase of the discussion can be completed by the end of November.

1046. DEA/50051-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM 557 Ottawa, October 13, 1950

SECRET. IMPORTANT.

Your telegram No. 702 of October 7.† Japanese Peace Treaty.

1. Following are points we consider could serve as a useful basis for discussions between Mr. Pearson and Mr. Dulles, bearing in mind the ground covered by Collins' interview with Allison (your telegram No. 701 of October 6) which followed the questions set out in our telegram No. 544 of September 29.

2. Mr. Pearson might base his discussion on two different approaches to the Japanese Peace Treaty which are set out below and which are basic to consideration of details of the final settlement.

(a) Is it the intention to try to draft a treaty whose provisions because of their reasonableness and soundness should be acceptable to all interested parties, or

(b) one containing provisions which the United States would find convenient to have in the treaty and which the United States thinks will be acceptable to non-Communist governments. This latter approach would assume that Soviet agreement to important substantive as well as procedural points cannot be obtained and that there is no easy way to associate the Peking Government in the discussions at this stage.

3. The approach noted in 2(a) above would have certain obvious advantages.

(a) Even if Russia and Communist China refused to go along with such a treaty they could find little in it to criticize for propaganda purposes.

(b) The two Communist powers would have to come around to some such treaty eventually if they wished to establish relations with Japan since they could not offer less reasonable terms and expect to excite Japanese interest.

(c) Such a treaty would be less susceptible to criticism from Japanese sources.

The adoption of this approach would mean leaving out of the treaty contentious points such as United States-Japanese security arrangements. These arrangements would have to be made as a result of post treaty bilateral negotiations.

4. *Parties and Procedure*

(a) *Chinese Participation*

(i) Questions relating to China cannot be considered in isolation. They must be considered in their broad Asian context and we must expect Asian countries to have strong views on these questions. The Japanese Peace Treaty is also an important Asian problem. Asian opinion is certain to regard the relationships between Japan and mainland China as among the most important factors in the future of the area. Exclusion of the effective government of China from participation in discussions of

the Japanese Peace Treaty will be difficult for Asian states such as India, Pakistan and Ceylon to understand or accept.

(ii) We may be certain that India will sound out Peking on the Japanese Peace Treaty. If we are working toward a peace treaty which should be acceptable to the mainland Chinese, such Indian endeavours might be looked upon with favour.

(iii) Arguments on participation of the Peking Government in the discussions which Asian states advance are given added weight when we consider the traditional economic and political relationship between Japan and the Chinese mainland. Failure to include representatives of the effective government of China can only lead to post treaty difficulties in the period when Japan must and will do business with the Chinese mainland.

(iv) Aside from the wider Asian significance of the question, the Peking Government does fulfil requirements of the international law for *de jure* recognition, i.e. effective control, a prospect of permanency, ostensible freedom from external control and the apparent acquiescence of the majority of the population. The establishment of relations between democratic powers and the Peking Government would present the opportunity to exploit natural points of conflict between China and the U.S.S.R. and might increase Chinese bargaining power vis-à-vis the U.S.S.R. Recognition of the new government may not be possible, but an attempt should be made to find a means to give that government an opportunity to participate in Japanese Peace Treaty discussions even if its agreement to final terms cannot be obtained. The onus for failure to cooperate could then be placed squarely where it belongs.

(v) In the light of these facts, we would be unwilling to follow a procedure which would allow us to drift into a position where we are forced to accept the Nationalist Government as a signatory of the treaty.

(b) *U.S.S.R.*

It might be suggested to Mr. Dulles that for the record the United States memorandum should be given to the Russians as it is being given to the other Far Eastern Commission countries. The corridor approach noted in paragraph 1(c) of your telegram No. 701 does not seem adequate.

(c) *Discussions with the Japanese*

We should hope that the United States Government would not take any steps to discuss their proposals with the Japanese Government before some measure of agreement has been reached with other governments. The Japanese may be expected to take the United States proposals as the minimum they can expect and seek to bargain upward from there.

5. *Security*

(a) Acceptance of the approach in 2(a) above would make it very difficult to write into the treaty anything about United States-Japanese security arrangements but would not prevent post treaty negotiations of some such bilateral defence agreement.

(b) The United States suggestion outlined by Allison in his interview with Collins that Japan should agree in the treaty to provide facilities while other members of

the United Nations would furnish forces, presents difficulties which must have occurred to United States officials. The Russians might be only too ready to furnish forces under such a scheme in order to establish themselves securely in Japan. We would think it necessary to see the actual draft of the proposed provision in the treaty before we were in a position to comment on its merits.

(c) Mr. Pearson might wish to refer to an article by Thomas J. Hamilton in the *New York Times* of October 10 and ask Mr. Dulles how correct Mr. Hamilton is in stating that the United States will not seek rights under the treaty but hopes that the Japanese Government will of its own volition request the United States to maintain troops in the home islands after the treaty takes effect.

Hamilton makes another point in connection with United States discussions of the Japanese Peace Treaty with the Russians. He may simply be attempting to give a significance greater than is deserved to the most informal approach Mr. Dulles made to Mr. Malik. (see paragraph 4(b) above). However, in discussing the article Mr. Dulles may be prepared to say more of United States contact with the Russians on the problem.

6. No attempt has been made in this teletype to deal with each of the topics covered in the United States memorandum. We believe it may be more useful to us in later detailed discussions if we could get at this stage the ideas of United States officials on these basic aspects of the Japanese Peace settlement. In the event that this approach does not prove fruitful as a basis for discussion it might be wise to have Mr. Collins prepare supplementary questions for Mr. Pearson's use, based on our telegram No. 544 and his interview with Mr. Allison.

1047. DEA/8508-40

Extrait du procès verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET Ottawa, October 23, 1950

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FAR EAST: JAPANESE PEACE TREATY

(c.f. Heads of Divisions Meeting Report No. 42 Oct. 16, 1950)

Mr. Menzies. No opportunity has yet been presented for discussions between Mr. Pearson and Mr. Dulles, but there have been developments of interest in the past week.

(1) The United Kingdom favours approaching United States officials on the basis of the report of the Commonwealth Working Party which has been given to the State Department, and attempting to find out wherein United States thinking differs from that of delegations to the Working Party and how serious the differences are. We have indicated that we would not wish the importance of the report to be over-emphasized, since it was merely a summary of views put forward at the official level.

(2) Australia has indicated its agreement to the meeting of Commonwealth representatives. We have been informed that Mr. Spender has been taking every opportunity to point out to United States officials the importance he attaches to some form of security guarantee for Australia. He has stressed that some security agreement is wanted whether there is a Japanese Peace Treaty or not. Mr. Spender's hope is that Australia can be associated with any group, large or small, which carries with it United States commitments along the lines of those in the North Atlantic Treaty.

(3) Mr. Malik has approached Mr. Dulles to make it clear that he is ready to discuss the United States memorandum at any time. A meeting has been arranged for this week.

(4) The United Kingdom representative has let United States officials know informally that Commonwealth discussions are being proposed. Mr. Dulles' reaction was unfavourable. His view is that it would be preferable first to have thorough discussions with individual countries.

(5) Mr. Allison indicated to Mr. Collins that it would be useful to him if he could have something in writing from us however informal, spelling out our questions and raising any doubts we may have. (Secret)

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3e PARTIE/PART 3

INDOCHINE : RECONNAISSANCE
INDOCHINA: RECOGNITION

1048. DEA/50052-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET Ottawa, February 21, 1950

I attach, as you requested, a draft memorandum to Cabinet on the question of recognition of the Indo-Chinese states of Viet Nam, Cambodia and Laos. The memorandum recommends that no action be taken at this time to recognize the Indo-Chinese states. A further recommendation is made that, in order to avoid misinterpretation of this by the French, you might, under appropriate circumstances in the House of Commons, make a sympathetic reference to the establishment of Viet Nam, Cambodia and Laos as associate states in the French Union.

2. With regard to the second part of the recommendation in the Cabinet memorandum, I enclose for your consideration the following:

(1) A very brief statement on Indo-China† which might be made in reply to an inspired question in the House of Commons.

(2) A lengthier statement,† which you might wish to incorporate in your speech on foreign policy.[24]

E. R[EID]
for A.D.P. H[eeney]

[PIÈCE JOINTE/ENCLOSURE]

Projet d'une Note pour le Cabinet

Draft Memorandum to Cabinet

SECRET

RECOGNITION OF THE INDO-CHINESE STATES OF VIET NAM, CAMBODIA AND LAOS

On February 3 we received notes from the French Ambassador in Ottawa, informing us that the French Government had ratified the treaties constituting Viet Nam (under Bao Dai), Cambodia and Laos as associate states within the French Union and requesting that we recognize these states.

Recognition has been extended to the three states by the United Kingdom, the United States, Australia, New Zealand and Belgium. The Soviet Union and the Chinese Communist Government have recognized the rebel "Democratic Republic of Viet Nam", led by the Communist Ho Chi Minh.

Arguments for Recognition

(1) The main argument is political. Indo-China is a region of strategic importance in South East Asia. Bao Dai and Ho Chi Minh are both striving for the support of Indo-Chinese nationalists. The Soviet and Peiping governments have moved to a strengthen the hand of Ho Chi Minh by according him recognition.

(ii) The French might interpret reluctance on our part to recognize Bao Dai as evincing lack of confidence in French policy in Indo-China.

(iii) The Communist party in France is waging an active propaganda campaign against the Bao Dai regime in Indo-China. They are concentrating on this issue in the hope of dividing the Socialists from the other moderate parties in France. This situation is a cause of grave embarrassment to the French government. Recognition of Viet Nam might be some contribution to internal stability in France, in the face of this Communist threat.

Arguments against Recognition

(1) Viet Nam, Cambodia and Laos do not fulfil the customary legal requirements for recognition of states. These governments have not themselves yet ratified the agreements concluded with the French. Even under the terms of the agreements, the

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[24] Note marginale:/Marginal note:
We agreed yesterday [in Cabinet] to stand for the time being on the statement I made in the House [of Commons] on this matter. L.B.P[earson] [February 26, 1950].
Voir Canada, Chambre des Communes, *Débats*, 1950, volume I, pp. 136-137.
See Canada, House of Commons, *Debates*, 1950, Volume I, pp. 132-133.

French retain a large measure of control over foreign affairs, defence and finance. Furthermore, Bao Dai's government is in effective control over only a limited part of the territory of Viet Nam. Ho Chi Minh, on the other hand, controls a large area and for the present appears to have the acquiescence of a considerable portion of the inhabitants of this area.

(ii) Asian states, led by India, have been unsympathetic to the Bao Dai government. Mr. Nehru stated at Colombo that he lacked confidence in French intentions to effect a real transfer of power and he regarded Bao Dai as a puppet of the French, who would be unable to gain nationalist support. Canadian recognition would result in an undesirable "white versus Asiatic" alignment within the Commonwealth on this issue.

(iii) Canada has no direct interest in Indo-China, nor would Canadian recognition of the Bao Dai government greatly influence the situation. There is not the political necessity therefore, at the moment, for Canada to disregard the arguments in (i) and (ii) above.

(iv) By withholding recognition, Canada might be in a position to influence the French government to make an effective transfer of power to Bao Dai.

Recommendation

It is recommended that (i) no action be taken at this time to recognize the states of Viet Nam, Cambodia and Laos; (ii) in order to avoid misinterpretation of this by the French, the Secretary of State for External Affairs might, under appropriate circumstances in the House of Commons, make a brief and sympathetic reference to the establishment of Viet Nam, Cambodia and Laos as associate states within the French Union; (iii) the French Ambassador be informed that the question of recognition of Viet Nam, Cambodia and Laos is being given further consideration.

1049. DEA/50052-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 96 Paris, March 3, 1950

SECRET. IMMEDIATE.

Following for Minister from Heeney, Begins: Yesterday the Ambassador took me to see Parodi with whom I had an interesting talk. He was not long in getting to the subject of Bao Dai. It was evident at once that Indo-China is at present the most serious preoccupation of the Quai d'Orsay. Parodi expects the proposed meeting of Mr. Schuman with Mr. Bevin and Mr. Acheson to take place quite soon after President Auriol's return from London. It will be concerned primarily with South East Asia.

(2) I explained to the Secretary-General that since your return from Colombo you had been discussing with your colleagues a number of Far Eastern questions of which the most important was that of the Canadian attitude toward the Peiping regime. I could give no encouragement to any idea that the Canadian Government would agree to recognize Bao Dai, certainly not in the near future. I said that he would appreciate the fact that Canada had little or no direct interest in Indo-China itself.

(3) It was evident that Parodi was disappointed in what I had to say. He appears to attach considerable importance to our recognition of Bao Dai because of what he called our "autorité morale" He emphasized that, if we were to act, speed was of the essence if an effective barrier was to be established to the South Eastern sweep of Communist imperialism.

(4) With regard to China, Parodi said that the French Government would understand our reasons if we decided to recognize the Chinese Communists. However, they hoped very much that if we felt unable to recognize Bao Dai now, we would give very careful consideration to the possibility of doing so simultaneously with our recognition of Mao Tse Tung. He thought that this would be an important contribution to the effort being made to stabilize the situation in South East Asia.

(5) Because of the emphasis and obvious sincerity of Parodi's remarks and the reasonable way in which he stated the French case for recognition of Bao Dai I said that I would send you direct word at once so that you might have his views in mind when these matters were discussed in Cabinet.

(6) Incidentally I find that the following Governments have now accorded recognition to Bao Dai: Great Britain, Belgium, Australia, New Zealand, United States, Luxembourg, Greece, Bolivia, Italy, Siam, Honduras, Brazil, Costa Rica, Jordan. Ends.

1050. DEA/50052-40

Le chef de la direction de l'Amérique et de l'Extrême-Orient au premier secrétaire de l'ambassade aux États-Unis

Head, American and Far East Division, to First Secretary, Embassy in United States

PERSONAL AND CONFIDENTIAL Ottawa, March 13, 1950

Dear Ralph [Collins]:

Thanks for your letter of March 10† filling in informally some of the background of your recent discussions with people in the State Department, particularly Robert Hoey,[25] regarding Indo-China. This type of letter is very useful and I hope you will continue to toss them off even though it may appear to you at times that you are casting seed upon stony ground.

[25] Agent responsable des affaires indochinoises./Officer in Charge, Indochinese Affairs.

2. I confess that on reviewing our file the other day I was astounded to see that we had been remiss for some time about keeping our interested Missions informed about recent developments in our thinking here on the Indo-Chinese problem. This is being remedied in a memorandum† which is being prepared now and which will be sent forward in a few days.

3. We have had some difficulties to contend with. A draft memorandum was prepared some weeks ago on the Minister's instruction setting out the pros and cons on recognition of the Indo-Chinese States. This has been up and back several times and also subjected to various pressures within the Department as there is a difference of view among Mr. Pearson's advisers on the desirability of according recognition at this time. The Minister too appears to be somewhat uncertain as to the tactics he wishes to follow. He has considered, on a couple of occasions, relating this question to that of Chinese recognition which has also been discussed several times in Cabinet. Needless to say, it is both awkward and indiscreet for civil servants to weigh on paper the merits of discussions that they hear at third hand may have taken place in Cabinet on issues of this type.

Yours sincerely,
A.R. MENZIES

1051. DEA/50052-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en France

Secretary of State for External Affairs to Ambassador in France

TELEGRAM 95 Ottawa, March 16, 1950

SECRET

Your telegram No. 96 of March 3. Indo-China.

1. I should be grateful if you would seek an early opportunity to raise this question with Parodi and tell him that very careful consideration is still being given here to the possibility of according recognition to the new Indo-Chinese states and their governments. My statement in the House on February 22 indicates that the Canadian Government is aware of the critical importance of developments in Indo-China and that the recent efforts of the French Government to adjust relations with the Indo-Chinese are a step in the right direction that we view sympathetically.

2. There are, however, a number of difficulties to be overcome in reaching a decision to accord recognition. One of these is our lack of information concerning the steps taken in Indo-China to implement the agreements which are couched in very broad terms. If there has been substantial progress made, we think the French should make every effort to publish evidence demonstrating that the promulgation of the agreements and recognition by the United States and the United Kingdom have succeeded in winning substantial new support for Bao Dai. Some foreign news reporters, as you will have seen, seem to be having some after thoughts about

the wisdom of the action taken by the United States and United Kingdom in according early recognition. We attach much importance to the attitude taken by Asian countries, particularly India and think that the French should make a great effort to determine the nature of Indian reservations and see how these can be met. It is my personal opinion that much could be done to improve the climate of Indian opinion if the French were to review their position regarding their enclaves in India which have been a cause of serious and prolonged irritation to Franco-India relations.

1052. DEA/50052-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], May 5, 1950

RECOGNITION OF INDO-CHINESE STATES

Attached is a revised memorandum setting out the pros and cons of recognition of the Indo-Chinese states, which you may wish to have with you should the subject of Indo-China be raised during your forthcoming visit to the United Kingdom.

A.D.P. H[EENEY]

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

SECRET May 5, 1950

RECOGNITION OF THE INDO-CHINESE STATES OF VIET NAM, CAMBODIA AND LAOS

On February 3 the French Ambassador sent in three Notes† giving notification that the French Government had ratified the treaties constituting Viet Nam (under Bao Dai), Cambodia and Laos as Associate States within the French Union and requesting Canadian recognition for them.

2. Recognition has been extended to these three States by nineteen non-Communist states, viz. United States, United Kingdom, Belgium, Australia, New Zealand, South Africa, Luxembourg, Greece, Bolivia, Italy, Thailand, Jordan, South Korea, Spain, Honduras, Brazil, Cuba, Costa Rica and the Holy Sea. The United Kingdom employed the following formula in extending recognition: "H.M. Government in the United Kingdom recognizes the status of Viet Nam as an Associate State within the French Union in accordance with the terms of the Agreement dated March 8, 1949 between President Auriol and His Majesty Bao Dai, and recognizes the Government of His Majesty Bao Dai as the government of that state". This formula has

been followed by a number of other countries and falls considerably short of full recognition of a sovereign state and government. The United States Government extended "diplomatic recognition" without qualification or explanation.

3. The rebel "Democratic Republic of Viet Nam" led by Communist leader Ho Chi Minh has been recognized by the Soviet Union, Yugoslavia, the Chinese Communist Government and other Communist states.

4. There are some facts in general agreement. These begin with the fact that Indo-China is today probably the most critical soft spot in Asia which the Communist are probing. It is the only good land route from Communist China into Southeast Asia. If it falls, the way will be open to Thailand which is unlikely to put up serious resistance, and to other parts of Southeast Asia. Indo-China and Thailand produce two-thirds of the world's exports of rice which is a critical factor in maintaining stability in the Indian sub-continent. Laos and Cambodia are sleepy little kingdoms with under 5 million population and can be ignored for the purpose of this discussion. Viet Nam, which occupies the coastal area from North to South, has a population of 20 million active and strongly nationalist Annamese. Ho Chi Minh is a known-Communist who has the apparent support of a strong anti-colonial nationalist movement which occupies 75% of the country, or all but the deltas of Mekong and Red Rivers and a few garrison posts and communications lines. Bao Dai has been given by the French about as much power as his weak administration can manage, but apparently not enough to satisfy the nationalist aspirations of even many of his supporters. There is no apparent alternative to the Bao Dai regime in Indo-China at the present time except that of Communist Ho Chi Minh.

Arguments for Recognition

5. The main argument is political. Indo-China is a region of strategic importance in Southeast Asia. Bao Dai and Ho Chi Minh are both striving for the support of Indo-Chinese nationalists. International recognition of the three states would contribute to blocking the expansion of Communist influence in Southeast Asia by encouraging Bao Dai's supporters both inside and outside of Viet Nam. Recognition by the Soviet Union and Communist China of the Ho Chi Minh regime constitutes an open challenge and puts the question of recognition of the Indo-Chinese states into the context of the cold war.

6. The Communist Party in France is waging an active and violent propaganda campaign against the Bao Dai regime in Indo-China. They are concentrating on this issue in the hope of dividing the Socialists from the other moderate parties in France. There are indications that the Communists may hope to make out of a political crisis over Indo-China a critical test of strength in France. This situation is a cause of grave embarrassment to the French Government. Recognition of Viet Nam might be some contribution to internal stability in France, in the face of this Communist threat.

7. If, through recognition and the granting of military and financial assistance, Bao Dai was enabled to consolidate his position, some of the 125,000 French troops in Indo-China would be released to add to the forces France could contribute in Europe. This is, however, not an early prospect.

8. Recognition need only be commensurate with the terms of the treaties between the three states and France, that is, as associate states within the French Union following the United Kingdom formula as given in paragraph 2 above. Recognition of this nature would not constitute recognition of the existence of three new fully-sovereign states in the international community but would only constitute recognition of the treaty arrangements.

9. The French appear to attach importance to Canadian recognition of the Indo-Chinese states. Repeated representations have been made by the French Embassy here and the Secretary-General of the French Ministry of Foreign Affairs recently raised the question with the Canadian Under-Secretary of State for External Affairs in Paris. If recognition is not extended, the French might interpret this as a lack of confidence on our part towards their policy in Indo-China and a failure to appreciate their difficulties at home and in Indo-China.

Arguments against Recognition

10. Viet Nam, Cambodia and Laos do not fulfil the customary legal requirements for recognition of states. These governments have not themselves yet ratified the agreements concluded with the French. Even under the terms of the agreements, the French retain a large measure of control over foreign affairs, defence and finance. Furthermore, Bao Dai's government is in effective control over 25% of the territory in Viet Nam. Ho Chi Minh, on the other hand, controls 75% of the area and for the present appears to have the acquiescence of 80% of the population of this area.

11. Consideration should be given to the views of Asian states in this matter. These states, led by India, have in general been unsympathetic to the Bao Dai Government and no Asian state except Thailand and Jordan has yet recognized Bao Dai. Mr. Nehru stated at Colombo that he lacked confidence in French intentions to effect a real transfer of power and he regarded Bao Dai as a puppet of the French, who would be unable to gain nationalist support. Canadian recognition would result in an undesirable "white versus Asian alignment" within the Commonwealth on this issue.

12. Canada has no direct interest in Indo-China, nor would Canadian recognition of the Bao Dai government greatly influence the situation. There is not, therefore, at the moment the same urgent political necessity for Canada to recognize these three states as existed for the United States and the United Kingdom.

13. The French have not been content with United Kingdom and United States recognition but are now asking these governments to give tangible military and financial support. If Canada recognized a similar approach might be expected.

Conclusion

14. Canadian recognition of the three Indo-Chinese states would be regarded by the governments of these states, by France, and by the other recognizing governments as striking a blow for the democratic side in the cold war. Recognition, if accorded, should be along the formula employed by the United Kingdom. This would not constitute recognition of independent states. If an explanation of the qualifications was given in the House at the time of recognition or in reply to ques-

tions, the announcement of recognition would lose much of its political warfare usefulness.

15. Perhaps the main argument against even qualified recognition is that it might weaken the impression which you tried to create during your recent visit to India, Pakistan and Ceylon, that the Canadian Government was anxious to understand and take fully into account in formulating its foreign policy the viewpoints of our Asian partners in the Commonwealth.

16. Finally it is germane to ask what is the central problem posed by the current crisis in Indo-China? Is it not, "How can Indo-China be saved from falling under Communist control and what steps should the democratic powers take to assist in the rescue?" Recognition is only one way of assisting, and it is possible that its importance has been exaggerated. Leaving aside the political measures required, on which there is a difference of view, material assistance in arms and economic aid are perhaps most critically needed. The French are pressing the United States and United Kingdom with these requirements now. Some suggestions concerning ways in which Canada might render economic aid may emerge from the meeting of the Commonwealth Consultative Committee in Sydney and should be given sympathetic consideration.[26]

1053. DEA/50052-40

L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Under-Secretary of State for External Affairs

SECRET Washington, May 17, 1950

Dear Mr. Heeney:

I read with interest the departmental memorandum on the recognition of the Indo-Chinese states of Viet Nam, Cambodia and Laos dated May 5 on which you invited by comments in your letter of May 8th.† The memorandum seems to me a very comprehensive statement of the principal considerations bearing on the question of the recognition of the Indo-Chinese states and I propose to confine my comments at this stage to a few points of emphasis.

The question of the recognition of the Indo-Chinese states has three main aspects — the legal, the political and the military. The position taken by the United States Government has been determined primarily on the basis of political and military considerations. The strategic importance of Indo-China made it important to the United States Government to support the endeavours of the French Government to resist the further expansion of Communism into this region. The step taken by the United States to recognize Bao Dai was a measure of political support to the French Government in its efforts to build up a force in Indo-China which would

[26] Voir le document 657./See Document 657.

serve as a counter-attraction to Indo-Chinese nationalists who might otherwise give their support to Ho Chi Minh. This step was taken also in recognition of the fact that the principal strength of Ho Chi Minh's movement has been in the nationalism of the Indo-Chinese people rather than his military strength. For this reason, the United States Government has also been pressing the French Government to extend self-government in the Indo-Chinese states.

To this political measure of recognition of Bao Dai, has now been added the United States promise of military and economic aid. If this is followed up by tangible results in the form of the arrival of military equipment as well as material improvement in conditions in Viet Namese territory, it may be expected that Indo-Chinese nationalists will tend to drop their support for the Ho Chi Minh movement. It is obviously upon such expectations that the present policy of the United States Government has been based.

While I entirely agree with the conclusions stated in the departmental paper that "material assistance in arms and economic aid are perhaps more critically needed" than political measures such as recognition, the act of recognition, if appropriately timed, could have appreciable effect upon the situation. Assuming that the present efforts of the French Government supported by measures of assistance given by the United States Government, (together with any other practical measures which may result from the Sydney Conference) may improve the military and political situation in Indo-China in favour of the anti-Communist forces (and in the opinion of the State Department the situation already shows signs of improving), further recognition of the Bao Dai regime, particularly on the part of some of the Asian countries of the Commonwealth, might well have a telling effect. In this connection, the position of Ceylon and Pakistan, in particular, seems to me to be of special importance. While the Indian Government may not be disposed to change its position, it is conceivable that the Governments of Ceylon and Pakistan who are not so firmly committed to the attitude of regarding Bao Dai as a "puppet" government, might well decide to recognize Bao Dai, especially if recognition is accorded by the Governments of the Philippines and Indonesia.

The United States Government has so far refrained from influencing the decisions of Asian countries on the issue of recognition of the Indo-Chinese states. It will probably continue not to apply direct pressure on these governments. However, the Government of the Philippines has not been critical of the acts of recognition so far accorded to Bao Dai and the Indonesian Government likewise has not taken any definite line on the issue of recognition.

It seems to me, therefore, that in considering the question of recognition by the Canadian Government, we might take into account the possibility of recognition on the part of Asian countries to which I have referred. This would presumably simplify our problem and remove the main impediment to our recognition, to which reference is made in paragraph 15 of the departmental memorandum.

From a legal standpoint, I agree that the recognition need only be commensurate with the terms of the treaties between the three states and France, that is, as associated states within the French Union following the formula adopted by the United Kingdom Government in granting recognition.

When Collins returns from London I may have some further comments to offer in the light of the discussions of the Southeast Asian problems which have taken place between the Foreign Ministers.

Yours sincerely,
H.H. WRONG

1054. DEA/50052-40

Le haut-commissaire au Royaume-Uni
au sous-secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Under-Secretary of State for External Affairs

SECRET London, May 25, 1950

Dear Mr. Heeney,

We were very glad to receive with the Department's letter of May 8† the text of the Departmental memorandum of May 5 on recognition of the new Associate States of the French Union and of the Bao Dai regime in Viet Nam.

As a preliminary comment I would suggest a more clear-cut distinction between "recognition" (so-called) of the treaty arrangements establishing the Associate States and recognition, in the accepted sense, of the Bao Dai regime as the de jure Government of Viet Nam. While the latter cannot of course be granted without the validity of the former being recognized, the following reasons suggest that they be treated separately under a joint title:

(a) to take the most obvious reason, they are distinct acts, having different requirements and consequences not only in theory but particularly in the present case;

(b) their comparative importance seems to me to differ, in that the essence of the problem is support for Bao Dai against Ho Chi-Minh in the cold war, whether by recognition or by military or economic aid;

(c) the United Kingdom recognized both the Associate States and the Bao Dai Government while on the other side the Soviet Union and the Peiping government recognized both the "Democratic Republic of Viet Nam" and the Ho Chi Minh regime, thus striking both at the treaty arrangements and at Bao Dai.

There is also a legal point which is not altogether clear to me. The memorandum at paragraph 10 states that one argument against "recognizing" the Associate States is that they do not meet the customary requirements of sovereign states. It had been my understanding that no-one thought that they were sovereign states or that they deserved recognition as such. Is it not rather a matter of "recognizing" the situation created by the agreements and of giving moral support to French policy?[27] It would

[27] Note marginale:/Marginal note:
Then how can you recognize Bao-Dai's regime as *the* Government? [A.R. Menzies]

seem that Mr. Acheson has now agreed to give moral support. (Despatch No. 393 of May 11† from Paris).

To turn to the larger considerations, I would of course share the view that there is not the same direct urgency for Canada as for certain other countries and that the importance of recognition may have declined relatively to other forms of support. Even if this were so, however, our withholding of recognition of either kind might well imply in the world at large, and in Viet Nam, some legal doubt or some disapproval on our part of French policy or Bao Dai, or of both. I do not detect in the memorandum any of that moral disapproval which has played its part in United States opinion about recognition of the Peiping regime. Paragraph 8 of the memorandum, moreover, seems to show that we would find it appropriate to "recognize" the Associate States in the manner of the United Kingdom, though recognition of the Bao Dai Government is not specifically considered. I suppose that the Department might have legal doubts about Bao Dai on the grounds of the degree of control of the territory and of habitual allegiance. That is perhaps a difficult point, because the Bao Dai regime is a new one, like the Indonesian Government, and because the urgency of the situation in South-East Asia, with all its potentialities for disaster, creates a desire to support France and Bao Dai.

Setting aside legal considerations the chief objection to be weighed against the desire to help France and Bao Dai and the risk of being misunderstood abroad is, I should judge, the desirability of avoiding a step which would tend towards the growth of a "white versus Asian alignment" within the Commonwealth.

If the problem posed by Indian policy is stated only in terms of alignment within the Commonwealth, it seems almost insuperable. No change of Indian policy seems to be in the offing. However, if we are not to be forced towards a unified Commonwealth foreign policy in Asia — on Indian terms — it might be wise not to overstress the idea of disalignment. At any rate, of the Commonwealth countries only the United Kingdom is so far out of line with India and Pakistan. Some idea of the urgency which the United Kingdom must have felt is given by the facts that the United Kingdom certainly values as much as we do the Commonwealth as a bridge with the East and that apart from the Commonwealth association it already labours under Indian suspicion as a legacy of pre-partition days and over Kashmir. Doubts on the Labour left-wing were also overridden, and at a time when the General Election was imminent and the Labour "Keep-Left" group had published its own separate election manifesto. It occurs to me that if we decided to recognize, our representative in New Delhi could explain our position to Nehru and remove much of the risk of seeming to create a "white" camp. We do, after all, recognize and admit the reality and the danger of the cold war for ourselves, whereas Nehru does not in practice for India. That may be the real alignment when a situation becomes dangerous. Again, India is swayed by France's behaviour concerning the enclaves, while we are not.

Looking at the matter in broader terms of Canadian foreign policy, it might be noted that we are at present out of alignment with both the United States and the United Kingdom. Furthermore, one upshot of the recent Three Power conference in London and of Mr. Acheson's talks in Paris is that the United States, the United

Kingdom and France have come much closer together in their South-East Asian policies. If our own line of advance is being conceived of in terms of our general foreign policy and also of our North Atlantic allies as much as in terms of the Commonwealth, the granting of recognition might seem appropriate. However this approach would erect the question to the status of a direct and vital interest of Canada, whereas we are going on the assumption that it is not. It is useful, perhaps, only in showing where we stand among those most important to us. It also reminds me that our Embassy in Washington had an indication from the State Department that it was hoped we would recognize Bao Dai (which is all the United States has done by way of recognition) before, rather than after, we recognized the Peiping regime.

If a brief note on the Department's opinion of these comments were possible, it would be a great help in clarifying our study of future developments in Indo-China and South-East Asia as a whole.

Yours sincerely,
L.D. WILGRESS

1055. DEA/50052-40

L'ambassadeur en France
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in France
to Under-Secretary of State for External Affairs

SECRET Paris, June 6, 1950

Dear Mr. Heeney,

I have your letter of the 8th May† together with the Inter-Department memorandum on recognition of the Indo-Chinese states of Viet-Nam, Cambodia and Laos. Following are my comments.

The memorandum is a fair and objective "exposé" of the situation. The pros and cons for recognition are well expressed and on balance there is perhaps little to choose if one is to rest one's decision on a scientific appreciation. I believe however, that this is not a case for nice weighing of arguments.

The vital factor in the whole matter is well put in the first three sentences of paragraph 4 of the memorandum:

> "There are some facts in general agreement. These begin with the fact that Indo-China is to-day the most critical soft spot in Asia which the communists are probing. It is the only good land route from communist China into South East Asia. If it falls the way will be open to Thailand which is unlikely to put up serious resistance and to other parts of South East Asia."

The following quotation from paragraph 14 of the memorandum is also pertinent:

"Canadian recognition of the three Indo-Chinese states would be regarded by the governments of these states, by France and by the other recognising governments a striking blow for the democratic side in the cold war."

Indo-China is now the highest stake in the world struggle between communism and democracy. Canada has taken sides fully and irrevocably on the side of democracy and I believe should, with the great democracies of the United States, the United Kingdom and France (not to speak of many minor ones) proclaim this stand to the world and share responsibility in the struggle.

In addition to the above general remarks, I wish to submit the following comments on a few of the paragraphs of the memorandum.

Para. 9.—Yes indeed the French attach great importance to Canadian recognition. One sometimes forgets to what extent the prestige of Canada has increased in the last ten years. If you were to ask any Frenchman and possibly any European today "What are the great countries of the world?" he would place them in the following order: the United States of America, the U.S.S.R., the United Kingdom, France, Canada, whereas before the last war Canada had a vague sort of position among the nations. Ahead of it were Germany, Japan, Italy, China and a few others depending on one's special point of view. Certainly the French interpret non-recognition as a lack of confidence in them and failure on our part to appreciate their terrible difficulties over Indo-China, difficulties for which they are not entirely responsible themselves but which are due more to the wild fire of communism which is spreading throughout the world.

Para. 10.—This requires clarification because the statement that Ho Chi Minh controls 75% of the whole area and has the acquiescence of 80% of the population of this area does not mean anything unless we know what proportion of the population is included in it. To clear up this point I had enquiries made both at the Quai d'Orsay and at the 2ème Bureau. The information obtained is attached as appendices A and B respectively.† This gives a very different picture. I realize of course that it comes from an interested source but after reading it, I find it difficult to accept the figure of 75%. As for the population, well over 50% of it is under the control of Bao-Dai, the French say 66 2/3 %.

Para. 11.—The position of the Asian states is readily understood. Obviously if they back the wrong horse, the decision may be a grave one for them in the immediate future. I wonder if the sole reason for their non-recognition is that they lack confidence in French intentions to effect the real transfer of power! This may well be a pretext. One cannot blame Mr. Nehru for thinking of what may possibly happen to him eventually if he recognises Bao-Dai but this should not deter us. A great deal of nonsense is being talked about French colonialism. As a matter of fact the French would be very glad indeed to get out of Indo-China if they could. It brings them nothing at the present time except trouble there and at home, a terrible loss in men and money but they just can't get out and if they did chaos would result. This is a matter which does not interest France alone — although it does more especially because of the frightful disaster to the French army if Ho Chi Minh succeeds — but is of universal interest in the fight for humanity against communism. In connection

with full autonomy for Indo-China, may I refer you to my despatch No. 393 of the 11th May.†

Para. 12.—I am not sure that Canadian recognition or non-recognition will weigh in the balance one way or the other but whether it does or does not, my view is that a country of the importance of Canada having taken sides with democracy against communism should not hesitate to implement its decision.

Para. 13.—If the French have asked for military and financial aid in Indo-China, it is because *they know* that they cannot hold out alone. It is conceivable that Canada may be asked later for material support as well. This is one of the penalties of being a near great, if not great, nation.

Para. 14.—I am afraid I cannot concur entirely in the statement that "If an explanation of the qualifications was given in the House at the time of recognition or in reply to questions, the announcement of recognition would lose much of its political warfare usefulness". I submit that it would not lose anymore of its political warfare usefulness than in the case of the United Kingdom and other states which adopted the same formula.

Para. 16.—It is possible that the importance of recognition has been exaggerated but it is also possible that it may not have been exaggerated and I have no hesitation in saying that if the United States and the United Kingdom had not recognized the Indo-Chinese states at once, Ho Chi Minh might now be in control.

Yours very sincerely,

GEORGES P. VANIER

1056. DEA/50052-40

Le haut-commissaire en Inde
au sous-secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Under-Secretary of State for External Affairs

SECRET New Delhi, June 24, 1950

Dear Mr. Heeney:

On my return from hill-station duty I have read with considerable interest your letter of May 8† under cover of which you sent me a copy of the Departmental memorandum dated May 5 on the question of recognition of Viet-Nam, Laos and Cambodia. I have read with equal interest the letters from Mr. Wrong and Mr. Wilgress, commenting on the memorandum, which you sent me under cover of despatches Nos. 274† and 293† of May 23 and June 1.

It seems to me that the departmental memorandum outlines the main considerations very adequately. Mr. Wrong and Mr. Wilgress have, inter alia, discussed the problem presented by the difference between the outlook on this question of most countries of South and South-East Asia and the outlook of the western democracies and other countries which have recognized the associated States. Perhaps I might most usefully comment on this point.

It would certainly be most desirable if, as Mr. Wrong suggests is possible, other countries in South and South-East Asia were to recognize the associated States. Such a development, however, appears unlikely in the near future. Thailand has, of course, recognized them. Although it has been said that this was done because Thailand wanted to put herself in a favourable position as a potential recipient of United States aid, I am told that in February the United States Ambassador informed the Thailand Government that so far as the United States was concerned, the provision of aid to Thailand would be in no way connected with the question of Thailand recognition of Viet Nam, and Cambodia. Whatever the Thailand motive, their recognition, which appears courageous on the face of it, stands out as an exception to the present attitude of most of the countries of South and South-East Asia.

The Philippines may very well lean toward recognition. It is perhaps relevant, though not highly significant, that I have been informed that early this year President [Elpidio] Quirino invited the three associated States to attend the recent conference at Baguio, and that in doing so he intimated that, unless they were willing to join a Pacific Pact, his government would not be prepared to recognize them.

I have no information at the moment regarding the attitude of Ceylon or of Burma, and I will endeavour to advise you about this at an early date. Mr. Johnson reported in his despatch No. 132 of May 15† that Pakistan has no intention of recognizing Bao Dai in the immediate future. As indicated in my despatches Nos. 221 of June 7† and 244 of June 15,† Indonesia is inclined, if anything, toward recognition of Viet-minh. The Indian attitude is already well known to you, and the information given in my despatch No. 246 of June 22† would seem to emphasize India's determination not to recognize Bao Dai but to favour a solution which would foster nationalism in a form which would be more acceptable to India than anything Bao Dai seems able to produce.

It rather looks as though we would wait for long if we were to mark time until the majority of the states in this area were moving toward recognition; and that, conversely, early recognition by us would probably be an act unsupported by similar moves on the part of most of these states. I do not say that this should necessarily be deterred by the fact that within the Commonwealth our recognition would place us alongside the United Kingdom, Australia, New Zealand and South Africa on this question and leave India, Pakistan and perhaps Ceylon in a more neutral position.[28] However, both these considerations, particularly the latter, seem to me important.

So far as India is concerned, it is my belief that recognition of the associated states by the United Kingdom and Australia has been fully understood by the Indian Government and has not been resented by them. I think the Indian Government have simply regarded recognition by these countries as consistent with aspects of their foreign policy to which they attach weight. Recognition by us might be similarly understood by the Indian Government, although our lack of

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[28] Note marginale:/Marginal note:
N.B. [A.R. Menzies]

direct interest in the area coupled with their general feeling that we stand for liberalism in the Commonwealth and elsewhere, might make it necessary for us to do a little explaining. It occurs to me that if we were also to recognize Communist China, either beforehand or not long afterward, it would make our position easier vis-à-vis India.

As the departmental memorandum of May 5 points out, there is a difference of view on the political measures required in Indo-China. The problems involved have been discussed in the memorandum and in my despatch No. 246 of June 22,† and I will say little more on this point here. I would add, however, that my present feeling is that it is important that France should now go as far as she possibly can in granting effective sovereignty to the associated states and in assisting Bao Dai's Government to assert itself with real authority. Further, if complete independence cannot be granted now, surely France could hold out some real hope of this happening once victory had been achieved. On the other hand, it is equally important to keep in mind the basic nature of the struggle in Indo-China. Victory for Ho Chiminh would bring communism to the country, and even proposed solutions based on the possibility of compromise should, I think, be viewed with considerable reserve at this stage. At the moment it looks as though the only effective way to save Indo-China from communism is to support Bao Dai in one way or another. I would certainly welcome any steps the Canadian Government might feel it could take to provide material Assistance to his government. As for recognition, it would be unlikely in itself to affect the position in Indo-China materially; but, subject to the considerations I have mentioned, I would certainly not oppose it.

It has occurred to me that the purely legal point of view has perhaps not been sufficiently stressed in the departmental memorandum although it is deserving of consideration. A strictly legal assessment of the question of recognition seems to me to be as follows: if we consider that France has not set up a separate and sufficiently independent state in Indo-China no further question arises; if, however, we agree that France has created a new international entity it would appear to be difficult to separate recognition of that new state from recognition of the government to which France has confided it.

Yours sincerely,

WARWICK CHIPMAN

1057. DEA/50052-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], July 4, 1950

RECOGNITION OF INDO-CHINESE STATES

You will recall that the possibility was discussed of our recognising the Bao Dai government in Viet Nam and the two other associate states of Cambodia and Laos either before or simultaneously with recognition of Peking. In view of the aggression by North Korean communist forces and the unlikelihood of negotiations with Peking proceeding, you may now wish to propose to the Cabinet the immediate recognition by Canada of the Indo-Chinese states. The French have again been urging us to take this action.

2. The drawing of the lines in the Far East has now imparted some political urgency for Canada to adopt a less equivocal stand on Indo-China. It would seem advisable for us now to make a gesture of support for the Bao Dai administration and the French, even if this means suppressing our scruples as to the legal entity of the states. A move which would align us with the United States and the United Kingdom in this matter and contribute towards a manifestation of the political solidarity of the democracies in the Far East, would probably gain public approval at this time.

3. Our hesitancy in extending recognition has already emphasized to the French our reservations as to the degree of autonomy granted Bao Dai. In order to show that we still maintain these reservations, you might think it best that we should employ a formula of qualified recognition, such as that employed by the United Kingdom. The announcement would be couched in such terms as these:

> "The Canadian Government recognizes the status of Viet Nam as an Associate State within the French Union in accordance with the terms of the Agreement dated March 8, 1949 between President Auriol and His Majesty Bao Dai, and recognizes the Government of His Majesty Bao Dai as the government of that state."

Similar formulae would be applicable to Cambodia and Laos.

4. In case you might wish to discuss the matter of the recognition of Bao Dai in Cabinet, I am attaching for your use a copy of the departmental memorandum (revised as of June 9) giving the arguments for and against recognition of the Indo-Chinese states.[29] With regard to paragraph 15 of the memorandum, it is interesting

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[29] La note du 9 juin 1950 ne diffère pas beaucoup de celle du 5 mai 1950 qui figure dans le document 1052.
The June 9, 1950 memorandum does not differ substantially from the May 5, 1950 memorandum, which is printed as Document 1052.

to note that our High Commissioner in Karachi has been informed that the Pakistani Government would not take amiss Canadian recognition of Bao Dai.

5. If recognition of the Indo-Chinese states is decided upon, it would be necessary to have appropriate notes delivered to the authorities of these states and to the French Government, and to make a suitable announcement to the press.[30]

A.D.P. H[EENEY]

1058. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], July 12, 1950

. . .

EXTERNAL AFFAIRS; RECOGNITION OF INDO-CHINESE STATES

5. *The Secretary of State for External Affairs*, referring to the discussion at the meeting of February 23rd, 1950, said that the French Government had been pressing for some time for some kind of recognition for the three associate states of Viet Nam, Cambodia and Laos. If recognition were granted, it should strengthen the position of Bao Dai and make it easier for the French Government to turn over to him a greater measure of authority. Any contribution made to political stability in Indo-China would enable France to decrease her military commitments there and allow her to make a more effective contribution within the North Atlantic alliance. Furthermore, it would also be helpful in contributing to internal stability in France. Recognition had been extended to the three states by a large number of countries, including the United Kingdom and the United States. If we were to follow, our recognition could be couched in the terms of the treaties between the three states and France, that is, would recognize them as associate states within the French union.

Against recognition was the fact that the three states did not meet all the customary legal requirements for recognition. Under the terms of the agreements establishing their independence, France still retained a large measure of control over foreign affairs, defence and finance. Furthermore, Bao Dai's Government was in effective control over only a limited part of the territory in Viet Nam. In addition, the only Asian state so far to grant recognition had been Thailand. India had indicated that it would regret recognition by Canada but it was thought it would understand the reasons motivating it. Finally, there was some possibility that recognition by Canada might increase the chances of France asking for Canadian assistance in Indo-China.

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[30] Note marginale:/Marginal Note:
Cabinet decided no immediate action — review in 2 wks (mention report of how Bao Dai getting on) A.D.P. H[eeney] Jul 13 [1950].

6. *Mr. Pearson* suggested that, in view of the present tense situation and the uncertainty of developments in the near future, it might be wise to hold up recognition for a short period.

7. *The Cabinet*, after discussion, agreed to defer the problem of recognition of the Indo-Chinese states of Viet Nam, Cambodia and Laos for consideration at a subsequent meeting; the Secretary of State for External Affairs to prepare for circulation a report on the present situation.[31]

. . .

[31] La question n'a pas été renvoyée de nouveau au Cabinet en 1950.
The question was not referred to Cabinet again in 1950.

CHAPITRE XII/CHAPTER XII
AMÉRIQUE LATINE
LATIN AMERICA

PREMIÈRE PARTIE/PART 1

MISSION COMMERCIALE AU VENEZUELA, EN COLOMBIE, EN ÉQUATEUR, AU COSTA RICA ET AU HONDURAS
TRADE MISSION TO VENEZUELA, COLOMBIA, ECUADOR, COSTA RICA AND HONDURAS

1059. PCO

Note du ministre du Commerce pour le Cabinet

Memorandum from Minister of Trade and Commerce to Cabinet

CABINET DOCUMENT NO. 219-50 Ottawa, September 14, 1950

CONFIDENTIAL

PROPOSED TRADE NEGOTIATIONS WITH VENEZUELA, COLOMBIA, ECUADOR, COSTA RICA AND HONDURAS

1. In accordance with previous discussions, arrangements have been made for a small delegation of Canadian officials to visit Venezuela, Colombia, Ecuador, Costa Rica and Honduras for the purpose of improving trade relations with these countries. The primary object of the negotiations in each country should be to obtain for Canadian exports treatment which, though not necessarily identical with that accorded to partners in bilateral trade agreements with these countries, will be equal to that given to the United States.

2. The objective is to arrange modi vivendi with the five countries named as follows:

(a) *Venezuela*: the text, already agreed upon, is identical with that of the former modus vivendi that lapsed in 1949,[1] and is attached as Appendix 1.†

(b) *Ecuador*: the modus vivendi has lapsed[2] and the effort should be to renegotiate it in substantially similar terms. The proposed text is attached as Appendix 2.†

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[1] Voir Canada, *Recueil des traités*, 1948, N°. 13. C'est le *modus vivendi* que l'on avait trouvé au Canada, *Recueil des traités*, 1941, N°. 5.
See Canada, *Treaty Series*, 1948, No. 13. This was originally the *modus vivendi* found in Canada, *Treaty Series*, 1941, No. 5.

[2] Voir *ibid.*, N°. 13./See *ibid.*, No. 13.

(c) *Colombia*: it is hoped that the trade agreement negotiated in 1941[3] will be ratified in due course by the Colombian Congress. While Canada and Colombia already exchange most-favoured-nation treatment under the terms of a treaty made between Colombia and the United Kingdom in 1866, Colombia gave notice in 1938 of intention to terminate this treaty. If and when Colombia takes this step, it would automatically bring to an end the most-favoured-nation arrangement between Canada and Colombia. For this reason it is proposed that the Canadian delegation should endeavour to negotiate a modus vivendi, (in terms similar to those proposed for Venezuela) which should secure the continuation of most-favoured-nation treatment, by direct agreement between Canada and Colombia, pending ratification of the more formal Trade Agreement negotiated in 1941.

(d) *Costa Rica*: Under the terms of an exchange of notes made in 1936 between Costa Rica and the United Kingdom,[4] Canada is already entitled to receive most-favoured-nation treatment. Here also it is proposed that the continuation of such treatment should be based upon a direct agreement in similar terms between Costa Rica and Canada.

(e) *Honduras*: As Canada has not hitherto succeeded in obtaining most-favoured-nation treatment, it is proposed that a further effort should be made to negotiate a modus vivendi of the same pattern.[5]

3. The modi vivendi should be in terms substantially similar to those formerly negotiated with Venezuela and Ecuador, but there should be two slight alterations.

(a) The first alteration is required to provide for the new status of Ireland. It should stipulate that the advantage now accorded, or which may hereafter be accorded by Canada exclusively to the members of the British Commonwealth of Nations, including their dependent territories, and to the Republic of Ireland shall be excepted from the operation of this agreement.

(b) The second proposed alteration would deal with treatment of contiguous countries and possible customs unions. It should provide that the clauses of the agreement will not be applicable to advantages which might be accorded by either country to a contiguous country or to advantages which might result from a customs union in which either country might take part, it being understood that such advantages would not be enjoyed by a third country. This wording was incorporated as Article V of the Venezuelan modus vivendi in 1947 at the request of Venezuela.

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[3] Non retrouvé./Not located.

[4] Non retrouvées. Selon l'*Annuaire du Canada* de 1950, Ottawa, Imprimeur du roi, 1951, il semble que le Canada a étendu la clause de la nation la plus favorisée au Costa Rica aux termes d'un échange de notes avec le Royaume-Uni les 1er et 2 mars 1933 et par décret du conseil, le 20 juillet 1935 (C.P., Nº 2087).
Not located. According to *Canada Yearbook*, 1950, Ottawa: King's Printer, 1951, Canada appears to have extended most-favoured nation treatment to Costa Rica under the terms of an exchange of notes with the United Kingdom of March 1-2, 1933 and a Canadian Order-in-Council of July 20, 1935 (P.C. No. 2087).

[5] Les dossiers n'indiquent pas que la délégation a mené des négociations avec le Honduras.
There is no record that the delegation conducted negotiations with Honduras.

4. In addition to the negotiation of a modus vivendi with each country, it is important that the delegation should endeavour to prepare the way for the future conclusion of a more formal and extensive trade agreement similar to that which is in force with Mexico. A copy of the Mexican agreement,[6] with name of country left in blank, is attached as Appendix 3.†

5. The delegation should leave about the end of September 1950; in addition to the necessary stay in the five countries mentioned above, the delegation should have discretion to make brief courtesy calls in Mexico, Guatemala, El Salvador and Nicaragua, with all of which countries Canada now has most favoured-nation agreements.

6. I therefore recommend that

(a) a delegation be authorized to undertake these duties;

(b) the delegation be given powers to negotiate modi vivendi embodying reciprocal most-favoured-nation treatment to run for one year (or longer until terminated) with each of the countries mentioned;

(c) the leader of the delegation be given full powers to sign each modus vivendi, provided that the terms are not less favourable to Canada than those indicated in the attached drafts; any substantial changes would be subject to prior approval by the Government of Canada;

(d) the delegation consist of

Mr. H. Leslie Brown, Dept. of Trade and Commerce (leader of delegation)
Mr. H.R. Kemp, Dept. of Trade and Commerce
Mr. A. Savard, Dept. of Trade and Commerce
Dr. C.A. Annis, Dept. of Finance.[7]

C.D. HOWE

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[6] Voir Canada, *Recueil des traités*, 1946, N°. 4./See Canada, *Treaty Series*, 1946, No. 4.

[7] La composition de la délégation et son mandat ont été approuvés par le décret du Conseil privé N° 4635, du 25 septembre 1950. Une description de la délégation figure dans :/The composition of the delegation and its terms of reference were approved by Order-in-Council P.C. 4635, September 25, 1950. A description of the delegation appears in:/Canada, Department of Trade and Commerce, *Foreign Trade*, Volume VIII, No. 196, September 30, 1950, p. 548.

1060. DEA/4864-40

Le chef de la délégation du commerce
au directeur par intérim de la Direction des Relations
internationales du commerce du ministère du Commerce

Head of Trade Delegation
to Acting Director, International Trade Relations Division,
Department of Trade and Commerce

Caracas, October 13, 1950

RE PROPOSED TRADE AGREEMENT WITH VENEZUELA

1. As intimated to you in our cable of October 6th,† the conversations concerning the possibility of drafting a trade agreement between Venezuela and Canada, commenced on October 9th. In the previous week, we had submitted to the appropriate officials of the Ministry of External Affairs, a copy of the draft prepared before leaving Canada. They had studied this, and their three main observations may be summarized under A, B and C below:

2. (A) With reference to section 4 of Article I, they made the observation that, even though this article is limited more to products rather than shipping, they desire to preserve freedom of action in the event that it may be found necessary, from their point of view, to give concessions to their own national shipping, including vessels of the Grand Colombian Fleet, which is operated jointly by Venezuela with Colombia and Ecuador. They consider also that they need to retain liberty of action in the event that they wish to discriminate in favour of another country, of which Ecuador would be a good example. All in all, however, it was not anticipated that this section need be the cause of any great difficulty.

3. (B) One of the paragraphs in the Canadian draft trade agreement to which the Venezuelan officials have raised objections is that portion of Article IV, which, following the lines of Article III of GATT, specifies that Canadian goods imported into Venezuela shall not be subject, after their importation, to internal taxes higher than those applicable to similar products of national origin. In Venezuela, as in numerous other countries, it is the practice to extend protection to domestic products by exempting them in whole or in part from the internal taxes which are applied to imports.

4. The Venezuelans desire to maintain this form of protection for certain home industries, (e.g. alcoholic beverages and cigarettes) and think it unlikely that their government would consent to abandon it.

5. While the obvious way of meeting their difficulty might seem to be by increasing the tariff on brandy, cigarettes, etc., to compensate for the removal of discrimination in excise taxes, this course presents difficulties because the Venezuelan customs duty on cigarettes is bound under a trade agreement with the U.S.A. and that on brandy is bound under a trade agreement with France. Consequently, any increase in the Venezuelan tariff on these items, even to compensate for reduction in excise taxes, would necessitate the agreement of these two countries.

6. The general purpose of the proposed Venezuelan trade agreement (from the Canadian point of view) is to confirm and expand most-favoured-nation treatment for Canada rather than to obtain a reduction in the protection which Venezuela may give to domestic liquor, cigarettes, or other commodities. Consequently we might omit from our draft agreement any reference to the equalization of excise taxes on imported and domestic products, so long as we retain most-favoured-nation treatment in this respect.

7. The only objection to such action on the part of Canada would appear to be along the following lines. In negotiating GATT, all the countries concerned (including Canada) thought it desirable to demand from the others, and to give in return, national treatment in respect of internal taxation. (Some countries have not yet carried out this obligation because, so long as their adoption of GATT remains merely provisional, they are not obligated to make changes in their existing legislation.) We in Canada have eliminated discriminatory excise taxes and under most-favoured-nation treaties are obligated to extend the benefits of such action to Venezuela. On the other hand, Venezuela is not obligated to extend such benefits to us. Therefore, we are offering to Venezuela a better bargain than the one which we have offered to our fellow-members of GATT.

8. We do not ourselves regard this as a consideration which should necessarily prevent us from meeting the wishes of the Venezuelans on this point, but have told them only that this is a point on which it would be desirable for us to consult with our colleagues in Ottawa.

9. (C) Finally, in reference to article VIII, it was explained to us that Venezuelan practice in the matter of placing a treaty into effect before it is actually ratified, is to sign a modus vivendi of exactly the same words which will go into effect at once and will operate until the agreement itself is ratified. This procedure certainly has its attractions from the point of view of simplicity.

10. Discussions having reached this point, we then raised the question as to how they might be continued to conclusion, or to a point where conclusion would be a simple matter of arranging for signature. The leading Venezuelan official explained carefully that, many years ago, when Venezuela first attained independence, there was difficulty in obtaining recognition abroad, and, at that time, a rule was set up that the Venezuelan authorities would not discuss international matters except at diplomatic level. In view of the fact that Canada still has no diplomatic mission in Caracas, it is obviously impossible for the Canadian officials, at present posted here, to discuss a trade agreement. We must therefore use the channel of the British Embassy, send a Canadian Minister of State on a special mission, or wait until we have established our own diplomatic mission in this country. However, there is good reason to anticipate that a treaty along the lines of the draft (copy attached)† would be received very favourably, with the exceptions noted, and that approach on a diplomatic level would be welcomed here.

[H. LESLIE BROWN]

1061. DEA/4864-40

Le délégué commercial intérimaire au Venezuela
au directeur du Service des délégués commerciaux du ministère du Commerce

Acting Trade Commissioner in Venezuela
to Director, Trade Commissioner Service, Department of Trade and Commerce

Caracas, October 20, 1950

RE MODUS VIVENDI BETWEEN VENEZUELA AND CANADA

I am enclosing herewith a copy of the Venezuelan Gaceta Oficial dated October 11, 1950,† which contains the Spanish version of the modus vivendi just concluded between Venezuela and Canada. Two copies of the English version submitted to the Minister of Foreign Affairs, are also attached.[8]

Negotiations between the Canadian Delegation and the Venezuelan authorities went smoothly, and the only difficulty arose at the outset when the Venezuelans insisted that the Delegation be formally introduced by the British Ambassador. As you know, the Venezuelan Government has continually refused to negotiate on a diplomatic level with a Consulate General, and insists that all approaches should be made through our diplomatic representative in Caracas. However, I am pleased to advise that the British Ambassador cooperated with the official introduction and there was no difficulty thereafter in working towards the conclusion of the modus vivendi.

During the visit of the Mission, numerous sources close to the Government indicated most strongly to us that the Venezuelan Government was very anxious to exchange diplomatic representation as soon as possible. Members of the Canadian Delegation were constantly on the defensive in this regard, and it was clearly pointed out to us that the Venezuelans find it hard to reconcile the fact that we have diplomatic representatives in Peru and Chile and not in this country, in view of the amount of business now being done between Canada and Venezuela. I understand that the Canadian Trade Delegation will be making a full report to you on this subject; as well as to the Department of External Affairs.

[J.A. STILES]

[8] Voir Canada, *Recueil des traités*, 1950, N° 16./See Canada, *Treaty Series*, 1950, No. 16.

1062. DEA/4864-40

Le chef de la délégation du commerce
au directeur par intérim de la Direction des Relations
internationales du commerce du ministère du Commerce

Head of Trade Delegation
to Acting Director, International Trade Relations Division,
Department of Trade and Commerce

TELEGRAM Bogota, October 24, 1950

STRICTLY CONFIDENTIAL. FOR IMMEDIATE ATTENTION.

No trade agreement any kind can be made by Colombian Government's without the approval of the Colombian Congress which will not meet before July 20th 1951. We are officially informed that recent compensation agreement not signed by Government but by the autonomous agencies. In addition no modus vivendi can be signed by Colombia because the short term agreements are contrary to the Colombian Government policies. It has become clear in the course of the discussions that the important provisions of the 1946 agreement are not acceptable to Colombia today. Meanwhile reciprocal most favoured nation treatment between Canada and Colombia continues as it stands at present under the treaty of 1866 with Great Britain. Copy of the agreed statement for immediate release to the Colombian press has gone as separate message in clear.[9]

For your confidential information we are reasonably satisfied with new draft agreement but are still trying [to] reach agreement on the one controversial point. Entire agreement however naturally remain[s] subject to approval of both Governments. Arriving Ecuador October 25th.

H.L. BROWN

[9] Une version modifiée de ce communiqué de presse figure dans :/An amended version of this press release appears in:/Canada, Department of Trade and Commerce, *Foreign Trade*, Volume VIII, No. 200, October 28, 1950.

1063. DEA/290-40

Le chef de la délégation du commerce
au directeur par intérim de la Direction des Relations
internationales du commerce du ministère du Commerce

Head of Trade Delegation
to Acting Director, International Trade Relations Division,
Department of Trade and Commerce

Quito, November 2, 1950

Dear Dr. Weeks:

PROPOSED MODUS VIVENDI WITH ECUADOR — PRESS RELEASE

Yesterday we received your letter of October 26,† your file 30810-A, together with your first draft of the Ecuadorean press release as and when it might be required. In this letter we propose dealing only with the press release.

During our negotiations the Ecuadoreans have tried very hard to obtain the inclusion in the prospective modus vivendi of lists of products which each country would undertake to buy in larger quantities from the other. We have of course resisted this proposal and have now obtained the reluctant agreement of the Ecuadorean officials that such lists should not be included in the modus, but in order to give them some consolation we have offered to ask our friends at Ottawa to see that the press release, if one is eventually issued, shall include a list of the goods that the Ecuadoreans would like to sell in Canada, and an expression of hope that the conclusion of this agreement will do something to promote trade in these articles. In this connection we stated to the Ecuadoreans in a letter that:

> "At the same time we have no objection to its being made known to the citizens of Ecuador and of Canada that as a result of our negotiations it is our hope that the trade in certain commodities will benefit. We have in Canada an official publication issued by our Department of Trade & Commerce, and circulated in thousands of copies to business houses all over the country, as well as to the press. If we are successful in arriving at a mutually satisfactory modus vivendi here, we should be glad to arrange for the insertion in this publication of an announcement listing the names of the particular commodities which it is the wish of Ecuador to sell in Canada, and we should at the same time see that this statement is circulated to the entire press in Canada. We should be glad if the Ecuadorean authorities at the same time would be willing to arrange for a similar announcement in Ecuador. It is our hope that by this method the desire of both countries to stimulate trade in commodities of major commercial importance to them can be brought to the knowledge of the public even more effectively than by putting a list in a treaty, and by the method of publicity just suggested there would be no implication that, for example, Ecuador was obligating itself to purchase its wheat from Canada or Canada was obligating itself to purchase its coffee from Ecuador."

In view of this letter it would be necessary to add to the press release, as near the beginning as possible, an expression of our hope that the conclusion of this agreement would lead to the expansion of trade in such Ecuadorean articles as: bananas, pineapples, nafanjillas, and other tropical fruits, cocoa beans, green coffee, vegetable ivory nuts (used in making buttons, etc.), untrimmed panama hats, a wide range of unrefined vegetable oils and oilseed cakes, kapok, balsa wood, shark-liver oil and shark fins, peppers, cocoa butter, untanned furs and skins, handicraft products, rubber.

It would be much appreciated if, in the press release, it could be indicated to the press of Canada that it would be a great help in indicating our goodwill to Ecuador if this list could be included in such part of the release as may be published by any particular newspaper.

The list of Canadian products in lines 25 and 26 of Draft A of your press release might be supplemented by the addition of: canned sardines, steel wire and chains, enamelware, and in addition to writing paper, "certain other forms of paper and paperboard", porcelain insulators, electric meters, rubber footwear and rubber clothing.

In addition to the above articles on which a tariff concession is being made, there are some others in which an increase of trade is hoped for, even though no tariff change is involved. This latter category includes: agricultural and industrial machinery and tools, electrical equipment and accessories, newsprint, wheat flour and pure-bred cattle. In view of the scarcity of some articles for export, you may prefer to omit one or two of the potential Canadian exports listed above, but we feel that we should leave this to your discretion.

The general position of our negotiations with Ecuador is described in a separate letter, from which you will see that it is still uncertain whether you will have an opportunity to use this press release or not.

An extra copy of this letter is enclosed for your convenience.

Yours faithfully,

H. LESLIE BROWN

1064. DEA/290-40

Le chef de la délégation du commerce
au directeur par intérim de la Direction des Relations
internationales du commerce du ministère du Commerce

Head of Trade Delegation
to Acting Director, International Trade Relations Division,
Department of Trade and Commerce

Quito, November 2, 1950

Dear Dr. Weeks:

NEGOTIATIONS WITH ECUADOR

With reference to your letter of October 26,† your file 30810-A, it seems useful to make reference to some earlier exchanges. In our cable of October 26† we advised you that negotiations had commenced that day, and enquired as to whether your comments on the Ecuadorian draft agreement might contain any urgent information useful in our discussions. We wish to thank you for your cable of October 27 reading:

"RETEL twentysixth full comments also press release similar Venezuela sent yesterday stop Draft Ecuador Treaty Articles one four five six nine unsuitable".

We had already rejected the Articles you enumerated.

At the time we sent our cable of October 26 it appeared that there would be no unusual delay and we had reason to anticipate that the negotiations for a Modus Vivendi might well be concluded by about Monday, October 30. However progress was not as rapid as expected, and on Oct. 30 we sent you a further cable reading:

"No developments in time for publication Foreign Trade this week but hope cable further news before leaving November fourth".

We were not very optimistic, but prospects were not definitely negative. By November 1 the situation had reached the stage where it seemed worthwhile to stay an additional week, and we sent you our cable of November 1st reading:

"Have decided that local prospects justify our staying Quito until November eleven writing stop Please advise our offices and families".

You may find it of interest if we try to summarize in a few paragraphs the course of developments during our visit to Ecuador.

Ecuador is, as you know, a relatively undeveloped country with a population of some three millions, most of whom are engaged in agriculture, and have a low standard of living. They consider that their export industry in most need of help is bananas. They export coffee, cocoa, and rice, but they told us that they have no difficulty in disposing of exportable surplus. They also have small exports of panama hats, vegetable ivory, balsa wood, and a few other items, but they have emphasized to us throughout that their one important export article is bananas and that their major interest in the trade agreement would be the question as to what it might

do for their export industry in bananas. Like most other Latin American countries they have their balance of payments difficulties, and must reserve the right to restrict imports to conserve foreign exchange. They are receiving a good deal of help from the United States of the P.F.[10] character, and it is perhaps not surprising that they have chosen in the past to give exceptionally favourable treatment to the United States.

In the original Ecuadorean draft modus vivendi which as you remember had been promised for months but was not delivered until the end of September, they wished to make it an affair of lists of commodities, free trade in bananas, bi-lateral balancing of payments, etc. They do not have any m.f.n. treaties at the present time, so far as we can learn, except one with Chile, and m.f.n. agreements are not a part of their present trade philosophy. We found that the officials with whom we have held discussions, and their Ministers, so far as they had given thought to the matter, were inclined to believe that Ecuador had nothing to lose by refraining from making a m.f.n. agreement with Canada, and nothing to gain by making one. Even in our most recent meeting held on Nov. 1st, the Minister of Economic Affairs still expressed the opinion that Canada as a member of GATT was obligated to grant m.f.n. treatment to all countries in the world, whether members of GATT or not, and when we assured him that such was not the case, he said that, at least, there was an agreement among the members of GATT that they would not discriminate against any non-member before 1952, if then. One of the officials in the Ecuadorean Delegation supported him in this statement; we naturally did our best to correct this impression.

These observations will help to explain the state of ignorance and misunderstanding which we have found here, and which has been one of the obstacles to arriving at an agreement. It should be added that these points of view were not immediately disclosed in the first half hour of discussion, but only gradually came to light in the progress of meetings lasting over the first week.

It should also be noted that the officials whom we met, having themselves presumably been responsible for drafting the Articles which are unacceptable to us, naturally felt a certain annoyance at seeing the product of their efforts firmly rejected from the Canadian side, and were not disposed to go back to the type of agreement negotiated in 1941 which they had already denounced on the ground that it was not suited to modern conditions and that it had not worked to the benefit of Ecuador.

At the close of the first week, the Canadian delegation, feeling that not much progress had been made, decided that it would be appropriate to prepare a general statement of the advantages to be obtained by both countries under a new m.f.n. agreement, this statement to be used in the next negotiating meeting (Oct. 30) and if necessary in the form of a letter to the Minister of External Affairs. This statement was prepared and delivered at the meeting, with apparent good effect, except on our principal opponent, who unfortunately happened to be absent on account of

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[10] Note marginale:/Marginal note:
Point Four. [Author unidentified] (The term refers to the United States' technical assistance program).

illness and consequently did not get the benefit of the reasoned statement presented at the time — nor is it certain that he has since read it.

The Ecuadorean officials consented to the deletion of the list of products which they had originally incorporated as Article I of their draft, but as to the banana question they said that they had definite instructions from their Government and could not themselves consent to any alteration in their proposal. They requested the Canadians to prepare a copy of their statement in the form of a letter to the Minister of External Affairs. (This had already been done and the letter was delivered that same afternoon, Oct. 30.)

At the next negotiating meeting on November 1, the Minister of Economic Affairs took the chair and we were surprised and disappointed to find that although he had been brought in to deal with the position that had been reached in previous discussions, he definitely had not been informed of the course of affairs to date, nor had he read the letter in which the whole situation had been recapitulated by the Canadians. In fact he did not even know the mechanics whereby a modus vivendi might be arranged instead of a formal treaty. It became clear during this meeting that the five Ecuadorean officials who had been negotiating up to the present time were neither vested with authority themselves nor had they cleared the questions at issue with their respective Ministers, and they gave us no support in respect of any of the matters on which agreement had been reached between the two groups in previous meetings. After some discussion the Minister of Economic Affairs began to suggest reasons for postponing further action. In view of the fact that the last three days of the present week (Nov. 2, 3 and 4) are official holidays, the President and a number of the Ministers are spending a few days out of town, and for a part of the period the Civil Service will not be in their offices. It would therefore be impossible to consult with the Ministers, this week, as would be necessary under Ecuadorean practice, before signing a modus vivendi. Moreover, these are the closing days of the session of the Ecuadorean Congress, and there are many matters arising at such a time which require the urgent attention of the Ministers. In view of this situation the Minister suggested that the Canadian Delegation should sign the Modus Vivendi and leave it behind to be considered by the Ecuadorean Ministers at some future date and signed by them if and when they agreed to it.

Having regard to the many months that it took to obtain from the Ecuadoreans even a draft agreement for consideration, the Canadian group suspected that if they were to depart from Ecuador at this time leaving matters in the condition suggested by the Minister of Economic Affairs, it might be many a long day before any further progress occurred. During such a waiting period it would be difficult for Canada to continue extending m.f.n. treatment to Ecuador and embarrassing to withdraw it. The whole negotiation appeared to be in a state of flux. There was at least the possibility that by remaining here a little longer the Delegation might be able to exert enough pressure by direct and indirect means to bring about the signing of an agreement before its departure. On the other hand if the Delegation departed at this time it might mean postponement of any action for many months, if not complete loss of the effort thus far made. It was therefore decided with considerable reluctance to remain for an additional week, during which time it is planned to press for further meetings with the negotiating group, the Ministers concerned,

and the President, and to do whatever else might appear to help prospects of affecting the decision of the people concerned regarding a modus vivendi. Any spare time could be used to discuss the prospective trade agreement. The Ecuadorean officials expressed their willingness to spend some time during the coming week in discussing a possible future commercial agreement expanding the modus vivendi.

In the meantime we have more or less agreed with the Ecuadorean officials on a new draft modus vivendi, translation of which is enclosed in triplicate.† As above indicated, you will appreciate that this is not regarded by the Ecuadoreans as more than a draft which may or may not be accepted by the Ministers concerned, nor are they themselves enthusiastic about it. From our own point of view we think that, as compared with their earlier efforts, the new draft is comparatively innocuous. There is only one point remaining in it that has given us a little concern, and that is, the omission of any provision under which we would enjoy m.f.n. treatment with regard to internal taxation of articles already imported, as contrasted with m.f.n. treatment in connection with customs duties imposed at the time of importation. This was however a point upon which they declared that they were unable to meet our wishes, although it might be considered in a trade agreement. We do not however believe that it is their intention to impose any discriminatory internal taxes upon our products and if they do, the new draft still provides that we would be entitled to make representations on the subject, and if these representations do not result in a satisfactory solution we should then be entitled to denounce the Modus Vivendi on short notice.

As an indication of the vacillating attitudes we have encountered, the following incident may be mentioned. At the luncheon party which we gave for the members of the Ecuadorean negotiating group on Tuesday, October 31, Dr. Veintemilla,[11] the leader, expressed the view that although there was still much to discuss between us, he felt confident that a mutually satisfactory arrangement could be arrived at. At the meeting held the following day, November 1, however, at which the Minister of Economic Affairs presided, the temperature appeared to have changed completely. The subjects brought up for discussion were only those on which we thought that agreement had already been reached, and there was no longer any indication that finalization of an agreement was practically a foregone conclusion.

Our position in trying to obtain signature of the proposed Modus Vivendi here would have been greatly strengthened if we had been in a position to assure the Ecuadoreans that they would receive a concession on bananas, or that they could count on a supply of newsprint from Canada. Naturally we were not able to give them any assurances on either of these matters, but if you could tell us anything useful from Torquay about bananas which we could pass on to them we should appreciate your advice by cable.[12] The subject of bananas will likely come up again in Costa Rica and Honduras. The fact is that, in Ecuador, the negotiators made

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[11] Herman Veintemilla, ministre des Affaires étrangères de l'Équateur.
Dr. Herman Veintemilla, Minister of Foreign Affairs, Ecuador.

[12] Note marginale:/Marginal note:
T[rade] and C[ommerce] have discussed this with [John] Deutsch and they decided not to send anything. [Author unidentified].

quite clear that they wished to obtain a tariff concession from Canada on bananas which, even though accorded to other nations (and therefore perhaps valueless to Ecuador), they thought would have a good psychological effect in this country.

We are sending this letter and the enclosure in triplicate, so that you may forward a copy to the Department of External Affairs and one to the Department of Finance.

Please note also attached Annex.†

Yours faithfully,
H. LESLIE BROWN

1065. DEA/290-40

Le directeur par intérim de la Direction des Relations internationales du commerce du ministère du Commerce au chef de la délégation du commerce

Acting Director, International Trade Relations Division, Department of Trade and Commerce to Head of Trade Delegation

[Ottawa], November 13, 1950

Dear Mr. Brown,

This is to give you a full report on developments at this end, with reference to your two letters of November 2, and our exchange of cables of November 7,† 8,† 9† and 10.†

Your letters of November 2 were read with great interest and explained the serious difficulties you encountered in Ecuador.

Your proposals to include a list of Ecuadorean products in the press release, as a concession to Ecuador, were discussed with the Deputy and with Fergus Grant, and it was agreed to add a final sentence to the first part of the press release (the Minister's statement), mentioning the products available for sale to Canada. The full text of this release, plus a background article on Ecuador and a list of tariff reductions, were all set up for last week's *Foreign Trade*, but had to be withdrawn by Thursday morning, in the absence of a definite assurance that the modus would be signed.

The draft of the modus was examined in detail by this Division.

The advisability of including Article IV was seriously questioned. We felt this would establish a precedent which might set off a chain-reaction with other countries, might lead to question under GATT, and could open the way to Ecuador asking for such measures consistent with our laws as the opening of a resident Trade Commissioner's office, special campaigns for the sale of Ecuadorean products, trade missions and trade fairs, and even government bulk contracts. Our first reaction was to leave this clause out altogether as a matter of principle. External and Finance agreed fully with our points; John Deutsch was quite definite as to our putting Ecuador back on the General Tariff. We therefore cabled you accordingly,

and hoped the realization by the Ecuadoreans that they were in fact benefiting greatly by m.f.n. treatment would lead to a satisfactory solution.

The next day, we received your cable of November 8 with news of the Ecuadorean reaction. We immediately set about studying all possible alternatives and the various consequences that could ensue. This was our reasoning:

Ecuador's insistence on this clause appeared to mean they themselves might expect this modus to be more than a mere exchange of m.f.n. As a matter of principle, the precedent of including a clause of this type was dangerous. The commitment to use "all means" had the implications described above. The relatively small importance of this market argued against creating such a precedent in this particular case. The U.S. Treaty with Ecuador contains no such clause.

We then reviewed the possible consequences of a failure of Ecuador.

For Canada, the 30 percent tariff disadvantage would apply in particular to canned salmon and sardines, sewing machines, tires, radio sets, clocks and wrapping paper. However, the bulk of our exports, especially: wheat flour, newsprint and agricultural machinery, would not suffer from this. The supply position of some of the affected items over the next year was not such as to cause us concern. From this point of view, therefore, we would not have too much to lose.

But, apart from the tariff question, the 50 percent surtax on the statute books of Ecuador had to be considered. The result of a General Tariff on Ecuadorean imports into Canada would be to widen still further Ecuador's trade deficit with us. Thus, the imposition of a 50 percent surtax was a strong probability.

Such a surtax would virtually eliminate Ecuador as a market for Canada. A number of firms, in particular, the flour milling and rubber tire industries, would be affected. We had already heard from some of these firms, expressing great interest in the Ecuador market.

The psychological effect of a 50 percent surtax being the only result of a lengthy visit to Ecuador by the Delegation would also have to be considered.

For Ecuador, the results of a failure appeared to be just as serious. The General Tariff would definitely be imposed and the rates on bananas, coffee, cocoa beans and panama hats would rise to about double, thus affecting approximately 80 percent of Ecuador's exports. The granting of m.f.n. treatment to Honduras would harm still further Ecuador's competitive position in bananas. Ecuador would lose all chances of the GATT reductions being extended to her.

We felt that a few months' experience of the General Tariff would lead to Ecuador realizing their mistake of insisting on a prestige matter to the detriment of concrete advantages.

These various points were discussed fully with the Deputy, with Finance and External.

In view of Ecuador's insistence on conciliating local opinion, and of the possible repercussions of not concluding the agreement, we finally decided reluctantly to accept Article IV, but only on condition that no opening was left for further demands. This could best and most easily be done by inserting the word "appropriate", which would leave entirely up to each party the question of what

measures, if any, to take under their respective laws and obligations in order to stimulate trade.

This, we hoped, would satisfy Ecuador's desire, without committing us to anything other than m.f.n. treatment pure and simple.[13]

On receipt of your final cable, the press release was mimeographed for issue that same afternoon.[14]

We shall be sending you copy of a similar draft release for Costa Rica† by separate mail, and wish you the best of luck.

Yours faithfully,
E.P. WEEKS

1066. DTC/25142-A

Le chef de la délégation du commerce
au directeur par intérim de la Direction des Relations
internationales du commerce du ministère du Commerce

Head of Trade Delegation
to Acting Director, International Trade Relations Division,
Department of Trade and Commerce

San Jose, November 14, 1950

Dear Dr. Weeks:

PROJECTED MODUS VIVENDI WITH COSTA RICA

We arrived here on Sunday, Nov. 12, midday, and after discussion among ourselves, concerted with Mr. Depocas,[15] and taking into account what we gathered of the position here, we decided to prepare a new draft modus vivendi based on the drafts of modus vivendi and of trade agreement sent to you from Caracas, which in turn were based on the present Mexican agreement and the former modus vivendi with Venezuela. I enclose three copies of this composite document.† For your ease of reference it is made up as follows:

Article	I	- Article	I	of draft trade agreement.
"	II	- "	II	of draft modus vivendi.
"	III	- "	III	of draft modus vivendi.
"	IV	- "	IV	of draft modus vivendi.
"	V	- "	IV	of draft trade agreement.
"	VI	- "	V,	Paragraph 4, of draft trade agreement. (Word for word from GATT)

[13] Voir Canada, *Recueil des traités*, 1950, N°. 21./See Canada, *Treaty Series*, 1950, No. 21.

[14] Voir/See Canada, Department of Trade and Commerce, *Foreign Trade*, Volume VIII, No. 203, November 18, 1950, p. 850.

[15] J.C. Depocas, délégué commercial résident à Guatemala, responsable du Guatémala, du Costa Rica, du Salvador, du Honduras et du Nicaragua.
J.C. Depocas, Trade Commissioner resident in Guatemala City, responsible for Guatemala, Costa Rica, El Salvador, Honduras and Nicaragua.

" VII - " V, Paragraphs 1, 2 and 3, draft trade agreement.
" VIII - " VI of draft modus vivendi.

On Sunday we invited the three Costa Rican officials who met us at the airport (at least two of whom are on the Costa Rican delegation) to have lunch with us on Monday. The luncheon went very well indeed, and we placed in the hands of the Costa Ricans four copies in Spanish of the new draft, "tailor-made" for Costa Rica.

This morning we had a meeting lasting approximately one and a half hours with the Costa Rican Minister of Finance & Commerce, together with his two officials who had met us, and the chief legal advisor of his Department. It was clear that our draft had met with their approval in principle, and there seemed little objection to the draft, with the possible exception that they may wish to re-draft Article VI. It is not likely though not impossible, that they may wish to do something to Article IV. There was some discussion of the theoretical possibility that they might wish to give conditional m.f.n. treatment in the form of a special tariff on one or several specific commodities, but this was purely theoretical and the Minister himself indicated that this would not be likely to occur under the present Government. All in all we feel that we can send you this draft as a reasonably close indication of what may ultimately be agreed upon.

The Minister is inclined to place the projected modus vivendi before Congress, which is at present sitting, or at least before a Committee of Congress, as it is his view that Congress would like to have an opportunity of examining the draft even though it is also his view that Congress is hardly likely to raise any objection. It has not yet been decided what procedure will be adopted, but in any event in the next 24 hours he plans to discuss the draft for the second time with the President of Costa Rica and to discuss it also with the Minister of Foreign Relations. We are to be advised perhaps tomorrow, Wednesday, of any final decision, although the decision may not be final for a day or two in the sense that Costa Rica may request a few minor changes.

We shall of course cable you as soon as there is anything definite. Meanwhile we hope that you will have this letter in your hands by Friday morning.

Perhaps events are moving too quickly for you to have sent on a draft press release, or perhaps it will arrive by Friday. In any event unless something extraordinary occurs, it would appear that the standard form of press release will serve the purpose without any embroidery such as was requested by the last country we visited.

Yours faithfully,
H. LESLIE BROWN

1067. DTC/25142-A

Le chef de la délégation du commerce
au directeur par intérim de la Direction des Relations
internationales du commerce du ministère du Commerce

Head of Trade Delegation
to Acting Director, International Trade Relations Division,
Department of Trade and Commerce

San Jose, November 19, 1950

Dear Dr. Weeks:

MODUS VIVENDI WITH COSTA RICA

Following our letter of November 14, negotiations with Costa Rica proceeded smoothly and rapidly, and on November 17th we sent you a cablegram† en clair detailing the various Articles adopted from the drafts prepared in Caracas. Early on the morning of Nov. 18th we received the cable of Nov. 17th† from the Department of External Affairs and were able to clear with the Costa Rican Minister of Finance that there would be no publicity until 9 p.m. on the evening of Monday, Nov. 20th.

Dealing with this point only, it subsequently turned out that a newspaper man stole copies of the modus vivendi from the office of one of the negotiators. The Minister of Finance himself recovered one copy from one newspaper man, but *La Prensa Libre* although approached personally by the negotiator concerned, refused to cooperate by withholding publication. That newspaper published most of the text on Saturday evening. The Sunday morning papers withheld publication and merely noted that an agreement had been signed. We do not yet know whether the San Jose leakage on Saturday was actually conveyed to Canada.

In our cablegram en clair of Nov. 18th† we explained the procedure followed in Costa Rica whereby such agreements require formal approval of the Costa Rican Legislative Assembly. In our coded cablegram of Nov. 18th† we gave further information and background.

In addition to the information cabled to you, we have subsequently learned from conversation with Mr. F. Cunningham, the local U.S.A. Commercial Attaché, that when Costa Rica got into exchange difficulties, it adopted certain exchange controls which were inconsistent with its agreement with the United States. This was the reason why the U.S.A. temporarily suspended the commercial agreement in April, 1950, so as to free the Costa Rican Government to take the measures which appeared to be necessary. This temporary suspension, in the opinion of Mr. Cunningham, is unlikely to continue beyond April 1, 1951, but it is expected that Costa Rica will find it necessary to continue the exchange restrictions at least until next September. This means that between April and September the Costa Rican authorities will again be acting in breach of their agreement with the United States. While Mr. Cunningham himself feels that a new agreement with Costa Rica would be in

order, and that this agreement should give Costa Rica somewhat more latitude then the old one did, he does not yet know what would be the official attitude of Washington in this connection. The Costa Rican authorities are aware of Cunningham's view, but he should of course not be quoted. Mr. Cunningham also remarked that more than 2/3 of the imports into Costa Rica come from the United States, and he felt that they were unduly concentrating their purchases in that quarter. For this reason he would himself be glad to see a larger proportion of the total originating in Canada. He feels that this country has to make use of the tariff as a source of revenue, that it may also fairly ask to be allowed to use protective devices for certain industries, and for these reasons he personally would like to see a new U.S.A. agreement with Costa Rica drawn in terms that would be more to the advantage of Costa Rica.

He added that although Costa Rica produces very fine coffee, he has been somewhat surprised to realize that agricultural development is progressing in the direction of more bananas and less coffee. Costa Rica could, however, greatly increase its production by the adoption of more up-to-date methods of agriculture, especially the use of fertilizer.

Mr. Cunningham's views tend to parallel those of the Costa Rican authorities in that the Minister of Finance has informed us that Costa Rica is bringing out a new tariff, which they hope to have in effect by about the end of 1951, which they wish to make a one-column tariff and which will incorporate the present exchange surcharges in the form of higher duties on those goods considered less essential, as well as higher duties for protective purposes.

This letter is going forward in triplicate and enclosed are three copies of the English text† — the copies have been certified — so that you may forward a copy of the letter and of the text to the Department of External Affairs and to the Department of Finance. Also enclosed is our translation of the opening and closing paragraphs† of the reply received from the Costa Rican Minister of Foreign Relations.

On examining the text in detail, you will note at the beginning of Article VII a provision that in case the Government of either country ceases to extend most-favoured-nation treatment to a third country through which goods move in transit between Canada and Costa Rica, the consultation procedure may be adopted. This sentence was put in at the request of the Costa Ricans, who pointed out that a substantial proportion of Costa Rican exports to Canada passes through the United States. If the United States should cease to enjoy m.f.n. treatment in Canada, this would automatically deprive the Costa Rican products in question of the privileges contemplated. For this reason they wish to have the United States explicitly mentioned as one of the countries through which goods might be shipped to enjoy m.f.n. treatment. We pointed out that the withdrawal of m.f.n. privileges from the U.S.A. was a most unlikely occurrence, one which not take place without ample notice and one which would automatically bring the consultation procedure into effect without explicit mention. In view of their strong desire to be protected on this point, however, we devised the sentence in question in such a way as not to men-

tion the United States specifically, while at the same time protecting both parties against the small risk that has been mentioned.[16]

Yours faithfully,

H. LESLIE BROWN

[16] Voir Canada, *Recueil des traités*, 1950, N° 20./See Canada, *Treaty Series*, 1950, No. 20.

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